United Nations E/2008/SR.4

Economic and Social Council

Provisional

13 May 2008

Original: English

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development

Provisional summary record of the 4th meeting
Held at Headquarters, New York, on Monday, 14 April 2008, at 9.30 a.m.

President: Mr. Mérorès ..... (Haiti)

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08-30494 (E)

The meeting was called to order at 9.40 a.m.

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (E/2008/7)

1. **The President** said that the annual meeting of the Council with the international financial and trade institutions had become a major forum for enhancing coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus of the International Conference on Financing for Development. The current meeting would make a substantive contribution to the preparations for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, to be held in Doha later in the year.

2. The Council's new functions, namely the Annual Ministerial Review and the biennial Development Cooperation Forum, would provide further opportunities to contribute to financing for development and the integrated implementation of the United Nations development agenda. Indeed, the 2008 Ministerial Review was intended to promote mutual responsibility and accountability in implementing internationally agreed goals and commitments with regard to sustainable development. The Development Cooperation Forum was expected to serve as a mechanism for inclusive dialogue and policy review on key issues relating to development cooperation.

3. Following wide-ranging consultations with Member States and the major institutional stakeholders, the overall theme of the current meeting would be "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus, including new challenges and emerging issues". The related note by the Secretary-General (E/2008/7) contained background information and questions to stimulate discussion on five substantive topics: new initiatives on financing for development; supporting development efforts and enhancing the role of middle-income countries, including in the area of trade; supporting development efforts of the least developed countries (LDCs), including through trade capacity-building; building and sustaining solid financial markets: challenges for international cooperation; and financing of climate change adaptation and mitigation.

4. New initiatives on financing for development could play a crucial role by increasing official development assistance (ODA) on a more stable and predictable basis. Recent initiatives, including the International Drug Purchase Facility (UNITAID), the International Finance Facility for Immunization, and a pilot project within the Advance Market Commitment Initiative, had already contributed to the mobilization of new resources for health-related expenditures in developing countries. In a true spirit of partnership, developed and developing countries had come together to explore further innovative ways of increasing financing for development. The Council could play an important role in strengthening international cooperation in that area.

5. The international community should maintain its support for the development efforts of middle-income countries, including in the area of trade. A total of 93 middle-income countries accounted for 60 per cent of all developing countries and about 40 per cent of the world's poorest people living on less than two dollars a day. Despite some progress, many middle-income countries continued to face challenges with regard to alleviating poverty and inequality, maintaining social cohesion, reducing financial vulnerabilities, building solid infrastructure and improving trade competitiveness. Their economies could greatly benefit from enhanced international cooperation, especially in the areas of technical assistance, technology transfer and trade promotion. A concerted effort must be made to enable middle-income countries to serve as poles of development, at both the regional and the global levels.

6. The causes and consequences of the current turmoil in world financial markets were of a global nature. It was increasingly recognized that innovative and prudential regulation needed to be applied to new financial instruments and mechanisms in order to build and sustain solid financial markets. The creation of an international financial architecture conducive to development required concerted efforts by all relevant stakeholders. To that end, the international community needed to strengthen macroeconomic and financial policy coherence, coordination and cooperation. The current meeting should focus on the role that the Council and the major institutional stakeholders could play in shoring up national and international oversight of financial markets.

7. In the same way, the global nature of climate change called for a global response. The previous

year's Ministerial Declaration had emphasized that responses to climate change should be coordinated with social and economic development in an integrated manner. For many developing countries, their geographical characteristics and lack of financial and technical resources made that challenge particularly demanding. The international community must help those countries to secure predictable and sufficient finances to adapt to climate change and to mitigate its impact on their economies.

8. The achievement of tangible progress in the pursuit of financing for development would require improved coherence and consistency of policies and strengthened mutual responsibility and accountability for results, the two basic principles of global partnership for development that lay at the heart of the Monterrey Consensus. A concerted effort should be made to implement the United Nations development agenda for the benefit of all people.

9. **The Secretary-General** said that, over the past several years, the special high-level meetings had contributed significantly to improved coordination between the Economic and Social Council and the international trade and financial institutions, and had emerged as a particularly important part of the follow-up to the Monterrey Consensus. The current meeting built on that tradition, but its timing gave it added significance: in less than eight months' time, world leaders and decision makers would gather in Doha to take stock of progress made with regard to the Monterrey Consensus and to chart the way forward on each of the six themes underlying the Consensus. Preparations for the Doha Conference were well under way: four of the six preparatory review sessions had already been held and a fifth, on aid and development cooperation, would take place over the coming days. The current gathering would contribute to those preparations by focusing on challenges and emerging issues in the realm of financing for development, one of the main agenda items of the Conference. The decisions taken at the current meeting would help guide and inform world leaders when they met in November.

10. The President of the Council, in consultation with Council members, had identified five key themes for discussion. First, the post-Monterrey period had resulted in a number of new proposals on development financing which commanded varying degrees of consensus. If implemented, many of those measures could lead to more stable and predictable long-term resource flows to developing countries. Technical discussions were currently taking place on those initiatives. It was vital to seek out the most promising projects, build consensus and implement them successfully. He had appointed Mr. Philippe Douste-Blazy, former Minister for Foreign Affairs of France and Chairman of the Executive Board of UNITAID, as his Special Adviser on Innovative Financing for Development, with responsibility for leading the Secretariat's efforts to support that process.

11. Second, the international community had come to appreciate the special development circumstances of middle-income countries, especially in the area of trade. Middle-income countries needed better market access to foster their comparative advantages. They also required technical assistance and knowledge-sharing to help address critical needs, such as the need to improve infrastructure, integrate into world financial markets and tackle persistent pockets of poverty and growing inequality.

12. Third, the international financial, trading and monetary system had given rise to new challenges and opportunities for LDCs. Trade could be an engine of growth for the poorest economies, especially when linked with improvements in domestic productive capacity. In order to enjoy the full benefits of trade, LDCs needed to diversify their exports, particularly in the light of the high volatility of prices for primary products. However, both diversification and economic capacity-building required increased investment and technology transfer from donors. Ways to bolster "aid for trade" to those countries should therefore be sought.

13. Fourth, while financial markets in both developed and developing countries had experienced enormous growth in recent years, regulatory checks and balances had failed to keep pace. The current turmoil in world markets demonstrated that that gap was unsustainable. Innovative and robust regulation was needed in order to protect financial systems and sustain continued growth and expansion. That required a concerted effort by all players, through universal forums like the United Nations and the Bretton Woods institutions.

14. Lastly, long-term global economic growth and sustainable development were imperilled by climate change. Developing countries needed external

assistance, especially better technology and increased financing, in order to rise to that challenge.

15. In less than two years' time, the Conference of the Parties to the United Nations Framework Convention on Climate Change would take place in Copenhagen. The run-up to that critical meeting must be utilized to implement new ways of financing adaptation and mitigation measures in the developing world. However, it was also important to build on existing foundations by exploring how existing mechanisms could be enhanced, understanding their shortcomings, and then deciding what additional financing means might be necessary.

16. The need for sustainable, equitable development, in rich and poor countries alike, was indisputable. Members' views, proposals and new initiatives on the current discussion themes could help point the way forward and provide critical inputs for the Doha Conference. He was determined to do everything possible to advance the international development agenda. Together with the President of the General Assembly, he would convene a special high-level event in New York in September 2008 to discuss ways to step up implementation of the MDGs. That meeting would help heighten the focus on the world's development needs and would send a powerful signal that the Doha Conference must deliver on the promise of the global partnership for development. He had also designated two Special Envoys for the Doha Conference, who would help mobilize political support for, and high-level participation in, the Conference.

17. **Mr. Draganov** (President, Trade and Development Board, United Nations Conference on Trade and Development (UNCTAD)) said that the twelfth session of UNCTAD (UNCTAD XII), to be held in Accra, Ghana, from 20 to 25 April would make a substantial contribution to addressing the problems of what the Secretary-General had recently described as the "bottom billion" — the poorest of the poor left behind by global economic growth.

18. Realizing gains from trade for developing countries, especially the poorest and most marginalized, was a continuous development challenge. Countries needed to build productive capacities and competitiveness and to formulate appropriate policies for integration into the world economy. UNCTAD XII would focus on ways of strengthening that integration.

19. With regard to new initiatives on financing for development, foreign direct investment (FDI) remained a key source of finance for developing countries. A World Investment Forum would be held as part of UNCTAD XII to highlight the contribution of investment to development and also to encourage investment in Africa. At the same time, new sources of financing, such as South-South investment, could be used for the benefit of developing countries. As UNCTAD studies showed, outward FDI flows from developing countries and countries with economies in transition had increased threefold since the 1990s, reaching $193 billion in 2006. South-South FDI flows currently constituted the bulk of FDI inflows for LDCs. Sovereign wealth funds from developing countries were also emerging as potentially major components of development finance. According to estimates by the investment firm Morgan Stanley, the value of such assets had surpassed $3 trillion by the end of 2007.

20. In the area of trade financing, the Aid for Trade Initiative could help enhance beneficiaries' participation in international trade, thus generating additional resources for development. In order for the Initiative to reach as many countries in need as possible, the United Nations must become actively involved in its implementation in support of the efforts of the World Trade Organization (WTO).

21. Turning to the topic of supporting development efforts and enhancing the role of middle-income countries, he said that those countries were not only advancing their own national development but were also promoting development in other countries. If that trend was to continue, they would need appropriate measures for trade and investment liberalization, facilitation and infrastructure agreements, financing arrangements, macroeconomic and regulatory policy coordination, and additional consultative mechanisms. The United Nations system could play a key role to that end.

22. With regard to supporting development efforts of LDCs, one of the main challenges faced by those countries was the lack of competitive and diversified productive capacities and of market access. Those difficulties were often compounded by a lack of infrastructure or of the financial resources required to build such infrastructure. The international community must support LDCs in tackling that challenge, and he welcomed the international consensus on the need to scale up ODA and to put in place other enabling

instruments, in particular the WTO Enhanced Integrated Framework.

23. At the national level, the recently improved economic performance of LDCs, driven mainly by the commodity boom, needed to be translated into increased private and public investment with a view to diversifying those economies and overcoming their commodity dependence. Integration into the global value chains, as well as technological upgrading, innovation and adaptation, could also play an important role.

24. Temporary labour movement for the supply of services represented an additional opportunity. For instance, the flow of remittances exceeded annual FDI or ODA inflows in many LDCs. Liberalization of the service sectors of interest to LDCs through international trade negotiations would help to improve the development prospects of the poorest countries.

25. The agreement at the Hong Kong WTO Ministerial Conference to provide duty-free and quota-free market access for LDCs was a major milestone that must be implemented. Regional and interregional South-South trade cooperation and integration had enormous potential to improve trade and development opportunities for LDCs. It was also important to facilitate the integration of LDCs into the multilateral trading system.

26. Developing countries were the hardest hit by global financial-market instability. It was therefore vital to build and sustain solid financial markets in order to underpin financing for development. In any new financial architecture, the main focus should be on crisis prevention. However, it was also necessary to envisage mechanisms for resolving any crises that did occur. As pointed out by the Secretary-General of UNCTAD in his report to UNCTAD XII, avoiding competitive depreciations and other monetary distortions that harmed the international trading system was more important in today's highly interdependent world than at any other time.

27. A new international financial architecture should also aim to ensure greater exchange-rate stability. The exchange rate of any country was, by definition, a multilateral phenomenon. In order to prevent the financial markets from damaging national competitiveness, a new code of conduct on exchange-rate management might be helpful.

28. The current turbulence in international financial markets and the possible repercussions for growth and development indicated a lack of coherence between the international trading system, which was based on institutions and rules, and the international monetary and financial system, which operated in a relative institutional vacuum. Strengthened multilateral rules and institutions could help reduce market uncertainty and instability and encourage greater compatibility of national macroeconomic policies. Safer debt instruments should also be developed. The multilateral financial institutions could play an important role in that regard.

29. Turning to the financing of climate-change adaptation and mitigation, he said that the interface between the environment and trade and development was a central component of globalization. Climate change currently posed one of the greatest risks to development. Its impact and costs were inequitable: poor countries were the hardest and the earliest hit. If climate-change predictions were accurate, there was also a likelihood of increased migration by people seeking better economic conditions or sheer survival.

30. Climate change had significant implications for trade and development, as did the measures identified to address it, such as the emerging carbon-emissions market, the Kyoto Protocol regime, the clean-development mechanism and the liberalization of trade in environmental goods and services. Attention must be paid to the combined impact of the global trade and production system and of climate change on the development prospects of developing countries, with a view to finding solutions along the lines of the carbon-emissions market.

31. **Mr. Ochoa** (Mexico), reporting on the recent meeting of the Development Committee on behalf of the Chairman of that Committee, said that the current year, as the midway point between the adoption and the deadline for the attainment of the MDGs, was crucial for generating momentum. At its spring 2008 meeting, the Committee had therefore attached even greater importance than usual to reviewing progress and addressing constraints. Even though the world was on course to meet the Goal relating to poverty, progress had been uneven. Despite improved growth, most sub-Saharan and some other countries were not on track to meet the goals. Noting that stronger, sustainable and more equitable growth remained central to more effective poverty reduction, the

Committee had urged donors to increase their support for the poorest countries' own development priorities.

32. While progress had been made on the human-development goals, the risk of falling short was far greater for those goals than for the poverty-reduction goal. The Committee had called for more accessible, more effective and better-quality health and education services and emphasized the need to take account of the strong links between health and education outcomes, nutrition, water and sanitation, and environmental factors such as pollution and climate change. It had also stressed the need to treat girls' advancement and women's economic empowerment as central development issues.

33. While the balance of risks to the global outlook had become more negative, emerging and developing economies had thus far been less affected by financial-market developments. The impact of higher commodity prices varied according to whether countries were net importers or exporters. Within countries, large groups of poor people were severely affected by high food and energy prices across the developing world. The Committee had asked the World Bank Group and the International Monetary Fund (IMF) to be ready to provide timely policy and financial support to vulnerable countries dealing with negative shocks. Moreover, it had welcomed the Bank President's recent call for a New Deal to combat hunger and malnutrition; urged donors to provide assistance to the World Food Programme; and encouraged the Bank to strengthen its engagement in agricultural development.

34. Noting that fragile situations and post-conflict States posed special challenges, the Committee had asked the Bank to promote better understanding of fragility, conflict dynamics, and effective strategic and operational approaches, and emphasized the importance of strong collaboration between the Bank and its international and local partners on effective economic support to peacebuilding transitions, institution-building and governance reforms, progress towards the MDGs, and private-sector development.

35. Noting that increased and more effective aid remained critical, the Committee had welcomed the fifteenth replenishment of International Development Association (IDA) resources, which had yielded an unprecedented 36-per-cent increase in donors' contributions and an overall envelope exceeding $40 billion. The Committee had called on IDA to continue playing a crucial platform role in the evolving aid architecture. Although many recipient countries had benefited from debt relief and improved the effectiveness with which they utilized ODA, there were concerns that the growth path of overall aid volumes might not be consistent with existing commitments. Consequently, the Committee had agreed on the urgency of achieving international-aid commitments and called on those who had not yet done so to deliver on their commitments, including the doubling of aid to sub-Saharan Africa by 2010.

36. Emphasizing that more needed to be done to implement the principles embodied in the Paris Declaration on Aid Effectiveness, the Committee had called on all development-assistance suppliers to operate in line with the country-based model and the debt-sustainability framework. The third High-level Forum on Aid Effectiveness, to be held in Accra later in the year, would provide an opportunity to advance that agenda. Furthermore, the Committee strongly supported intensified and decisive efforts to agree on an ambitious pro-development Doha Round and, in that context, had stressed the need to integrate trade and competitiveness within national-development strategies, while stepping up support for "aid for trade".

37. In addition, the Committee had reviewed key aspects of the World Bank's own operations and governance. In late 2007, the Bank's President had identified six crucial international challenges as focal points for the World Bank Group's future strategic directions. The Committee had endorsed the Bank Group's objective of contributing to inclusive and sustainable globalization; welcomed efforts to develop further and refine the overall strategic framework for the Bank Group's work; and welcomed the implementation of the Bank's governance and anti-corruption strategy. The Committee looked forward to the full implementation of the recommendations on strengthening transparency, internal governance and project integrity made by the Independent Inquiry Committee into the United Nations Oil-for-Food Programme.

38. With regard to voice and participation in World Bank governance, the Committee had welcomed a report from the Managing Director of IMF on recent changes at the Fund and encouraged the Bank to advance its work on all aspects of voice and participation, keeping in mind its distinctive

development mandate and the importance of enhancing voice and participation for all developing and transition countries. The Committee looked forward to receiving concrete options from the Bank's Board of Governors by its next meeting, with a view to reaching consensus on a comprehensive package by the spring 2009 meeting.

39. Lastly, the Committee had welcomed the Concept and Issues Note on the Strategic Framework on Climate Change and Development (SFCCD) for the World Bank Group and stressed the importance of the Group's addressing climate change in the overall context of its core mission of promoting economic growth and poverty reduction. The Committee had acknowledged the Bank's important and catalytic role in the financial architecture on climate change and had asked it to elaborate further on the additional financing needs for addressing climate change, the mobilization of private-sector funding and the complementarities between existing and new financing mechanisms. The Committee had also emphasized that financial resources for the climate-change agenda must be additional to current ODA levels. Recognizing that access to energy remained key to development, it had supported the Bank's goals of promoting clean technology and renewable-energy deployment, technology transfer, and research and development. Lastly, it had acknowledged the work under way on the design, governance and financing of the new climate investment funds to help address the challenge of climate change.

40. **Mr. Portugal** (Deputy Managing Director, International Monetary Fund (IMF)), reporting on the recent meeting of the International Monetary and Financial Committee, said that the Committee had met at a time of great uncertainty in the global markets. The world economy faced global challenges requiring close cooperation among the entire IMF membership. Since the Committee's previous meeting, global financial instability had increased, world economic growth had slowed, and growth prospects for 2008 and 2009 had deteriorated. Inflationary risks had also risen. While each country's situation was different, there was a need for coherent action, taking due account of spillover effects and cross-border interactions.

41. In the advanced economies, monetary policy should continue to aim for medium-term price stability while responding flexibly to signs of a more pronounced economic downturn. Fiscal policy could also play a useful counter-cyclical role. In the United States, temporary fiscal easing would help counter downside risks to growth. Other advanced economies had also experienced financial turbulence and declining growth; when consistent with medium-term fiscal objectives, automatic fiscal stabilizers should be allowed full play.

42. The action taken by the advanced economies' central banks to provide liquidity support should ease strains in inter-bank money markets. Continued close collaboration between IMF and the Financial Stability Forum, the Bank for International Settlements, standards-setting bodies and national authorities would be essential to ensuring that lessons were learned and shared, and agreed policy actions rapidly implemented. One such lesson was that the Fund's financial-surveillance role needed to be strengthened, including through the Financial Sector Assessment Programme. In addition, further prompt action by major financial institutions to disclose losses and repair balance sheets by raising capital when needed and mobilizing medium-term funding would help restore confidence. Further progress should also be made on safeguarding medium-term fiscal consolidation in the United States; introducing product and labour-market reforms in Europe; adopting further structural reforms, including fiscal consolidation, in Japan; addressing supply bottlenecks in oil-exporting countries; and introducing reforms to boost domestic consumption in emerging Asia, together with greater exchange-rate flexibility in a number of countries.

43. Emerging-market countries and other developing countries had continued to show resilience in the face of the ongoing financial crisis, though growth prospects had diminished and inflation risks increased. For many countries, containing inflation and addressing vulnerabilities remained key priorities. Other countries might have room to respond through counter-cyclical policies without jeopardizing their stabilization gains. Commodity-exporting countries should maintain progress towards economic diversification. Noting that a number of developing countries faced a sharp rise in food and energy prices, the Committee had urged the Fund to work closely with the World Bank and other partners to develop an integrated response through policy advice and financial support, and had expressed its strong support for a prompt and ambitious conclusion of the Doha Round. The Committee had also welcomed the IMF initiative

to work, on a collaborative and voluntary basis, with sovereign wealth funds to develop a set of best practices by 2008.

44. Turning to the Fund's reform and policy agenda, he said that recently agreed reforms would strengthen its role in promoting global financial stability at the current critical juncture. The Committee had welcomed the Executive Board's agreement on the quota and voice reforms, which was scheduled to be approved later in April. The new, more transparent quota formula would lead to an increase in developing countries' quota share. The reforms also recommended further realignments every five years to ensure that members' quota shares adequately reflected their relative positions in the world economy. Such realignments were expected to result in increases in the shares of dynamic and emerging-market economies and of developing countries as a whole.

45. The Committee had also endorsed a new income model and medium-term budgetary envelope, which would help place the Fund on a sustainable financial footing. It would include the establishment of an endowment funded by the profits derived from a strictly limited sale of gold with the agreement of the central banks, which would provide the Fund with a more stable and secure source of income. Safeguards had been adopted to ensure that the Fund's lending capacity was not affected.

46. The Committee had agreed that the principle of comparative advantage should underpin the refocusing of the Fund's activities. Bilateral surveillance would remain at the core of the Fund's work and provide an essential input into multilateral and regional surveillance. The Committee supported efforts by the Fund to sharpen its analysis of the financial sector, macrofinancial linkages, exchange rates and spillover, and to deepen its work on identifying and addressing risks to financial stability. The Fund's vulnerability exercise would be extended to advanced economies, and global and cross-country perspectives better integrated into bilateral surveillance. The Committee also supported efforts to make surveillance outputs better focused and more timely, while preserving the quality of bilateral surveillance. The Executive Board would consider a first statement of surveillance objectives and priorities prior to the Committee's next meeting in October.

47. The Fund's closer interaction with emerging-market economies would focus on the specific challenges they faced owing to global financial integration, cross-border linkages and volatile capital flows. The Committee had encouraged the Executive Board to consider increasing the level of normal access to Fund resources. The Fund would continue its work on a crisis-prevention facility that met the needs of emerging markets and would report on progress made in that regard at the Committee's next meeting.

48. The Fund's work on low-income countries would focus on macroeconomic and financial stability, debt sustainability, capital inflows and commodity price swings; possible improvements in the Fund's engagement with countries suffering from shocks that affected their balance of payments; and close cooperation with the World Bank and relevant United Nations agencies.

49. Lastly, the Fund's technical assistance would be made more effective with greater prioritization and a stronger results-based focus, through both a system of graduated charges and an increase in external financing for technical assistance and training.

50. **Mr. Alfaro** (Director, External Relations Division, World Trade Organization (WTO)) said that the Doha Round was at a critical juncture. WTO members had engaged in intensive negotiations over the past months, but there was still no sign of the compromises needed to bring the Round to a successful conclusion by the end of the year. Members needed to demonstrate flexibility and reach a compromise on modalities to liberalize trade in agricultural and industrial products within the coming weeks, so that all other areas under negotiation could be finalized.

51. Much progress had been made in the past few months and a breakthrough, though difficult, was possible at any time. Success was therefore within reach, provided all WTO members were ready to make a contribution. Given the intense negotiating activity currently being seen in Geneva and the tremendous efforts being made to close the last remaining gaps, WTO was confident that all members had realized the importance of concluding the Round by the end of the year. The real challenge was more political than technical. It was about leadership, compromise and a recognition by countries of their common interest in success and the collective cost of failure.

52. Political leaders and WTO ministers had reaffirmed their commitment to concluding the Round by the end of the year. A deal was more important now than ever, given the uncertain global economy. The process should be speeded up to take advantage of the current small window of opportunity.

53. The prospect of failure was quite worrying. The once-in-a-generation opportunity to open world markets to developing-country exports and redress imbalances in global trade relations would be missed; the leverage that smaller and poorer members enjoyed at WTO would be lost in the face of increased pressure from bilateral and regional arrangements; and the multilateral trading system would be weakened.

54. The main challenge currently facing the negotiations was the need to make progress on agricultural and industrial tariffs, by adopting modalities for trade liberalization in those areas by May at the latest. In those and all other areas, there was a need for improved market access and more balanced rules that would allow developing countries to reap the benefits of more open world trade. Removing trade restrictions, particularly in the agricultural sector, and improving trade opportunities for developing countries, including through increased South-South trade, were the main contribution that WTO could make to development and poverty alleviation.

55. "Aid for trade" was a crucial factor in the development equation. Many developing countries had experienced only "virtual" gains from previous negotiating rounds, in part because they lacked the capacity to trade effectively. Aid for trade, though not part of the Doha Round, was critical to achieving a successful outcome for as many countries as possible. Aid for trade was now a priority and many developing countries were actively engaged in identifying priorities, mainstreaming trade in national strategies and working with neighbouring countries on regional approaches. Such countries saw aid for trade as a catalyst for leveraging investment, entrepreneurship and reform. Now donors needed to honour their commitments, clarify their plans and begin delivering additional resources.

56. The role of WTO was not to become another development agency, but rather to mobilize, monitor and evaluate aid for trade. The goal was not to create a new mechanism but to help the many existing mechanisms work together more efficiently and effectively. Improved transparency would create incentives to honour commitments, meet needs, improve effectiveness and reinforce mutual accountability.

57. The current year was critical in terms of mobilizing aid for trade. In February, members had approved the aid-for-trade road map proposed by the Director-General of WTO; consultations were now under way regarding its implementation. The road map's key objective was to monitor the implementation of projects on the ground. For that to happen, clear national and regional strategies would need to be formulated. Monitoring and evaluation tools would also be developed, with a focus on country, regional and sectoral priorities.

58. The Doha Development Agenda was the largest challenge that WTO had faced since its creation. The challenge was to achieve what had been started during the Uruguay Round: a more level playing field in areas of particular interest to developing countries, such as agriculture. The current phase was the most difficult. It would take a great deal of political courage and commitment to conclude the current Round successfully. WTO needed to be able to count on the international community's support for the Doha Round, so that together they could unlock the economic potential of developing countries, use trade development as an engine for accelerating growth and achieving the Millennium Development Goals and help make life easier for millions of people.

59. **Mr. Qureshi** (Senior Adviser to the Chief Economist, World Bank) introduced the *Global Monitoring Report 2008*, which had been prepared jointly by the World Bank and IMF. His introduction was accompanied by a PowerPoint® presentation. The report came at an especially important time, as 2008 marked the halfway point in the effort to achieve the Millennium Development Goals (MDGs) by 2015. It was also a critical year for reaching consensus on a world response to climate change, following the recent thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

60. While significant progress had been made towards achieving some of the MDGs, there were major shortfalls with regard to most of them. The poverty-reduction objective under Goal 1 was likely to be met at the global level, owing to a remarkable surge

in economic growth in many countries over the previous decade, but continued efforts were needed to fight hunger and malnutrition. Likewise, the promotion of gender equality in schools appeared attainable at the global level, but progress was lagging in terms of gender parity in tertiary education and other gender-related targets. Likely shortfalls were especially serious for the human-development goals, including those relating to child and maternal mortality, as well as primary-school completion and sanitation.

61. Progress was uneven across regions and countries. At the regional level, sub-Saharan Africa was experiencing serious lags on all the goals, including Goal 1, even though many countries in the region had recently improved their growth performance. South Asia was lagging behind on most of the human-development goals, although it would probably meet the poverty-reduction goal. At the country level, a majority of countries would fall short of most of the goals. Fragile States affected by conflict had fallen behind most significantly. Regarding some goals, such as poverty reduction, there had even been regress. Lack of progress had immediate and tragic consequences: millions died every year from preventable diseases and complications.

62. Most of the goals could be achieved by most countries if more efforts were made by the countries themselves and their development partners. Notwithstanding the difficulty of such a challenge, the success of better-performing countries gave reason to hope that rapid progress was achievable. International attention associated with the midpoint in implementation of the MDGs made 2008 a crucial year for generating the necessary momentum for their timely achievement. The international high-level meetings planned during the year provided opportunities for deciding on priorities and agreeing on milestones for monitoring progress.

63. The report proposed a six-point agenda for inclusive and sustainable development. The first point was that strong and inclusive economic growth must be at the centre of the strategy for achieving the goals. An immediate priority was to protect the growth of developing countries from the turmoil of global financial markets and the associated slowdown in advanced economies. Developing-country growth in 2008 was projected to slow by a little over a percentage point, but to remain relatively robust at 6.7 per cent; that growth was, however, subject to risk. Private capital flows to developing countries had maintained strong growth for most of 2007, breaking the one-trillion-dollar mark for the first time. Flows were expected to ease in 2008, but should remain relatively abundant, although subject again to uncertainty. A sharp rise in energy and food prices had added to current risks. The short-term impact of the higher food prices could be an increase in extreme poverty in low-income countries by an average of 4.5 percentage points, although the impact varied considerably from country to country. Such risks required careful monitoring and appropriate policy responses.

64. While growth in Africa had recently improved, performance varied greatly across countries, with many lagging behind. Poor countries needed to achieve annual GDP growth of 7 per cent or more to reduce poverty significantly, but only about one third of Africa's population lived in countries that had achieved average growth of that type over the past decade. Three areas emerged as essential to robust growth in any country: sound macroeconomic policies, a conducive private-investment climate and good governance. In fragile States, improvement of the governance environment, together with security enhancement, was crucial. In many African countries, and in low-income countries more generally, a dynamic agricultural sector was key to achieving strong growth, and would help mitigate the upward pressure on food prices. Achieving a so-called African green revolution should be a priority for countries in the region and their development partners.

65. Growth must become more inclusive both across and within countries. Within-country income inequality had increased in many countries over the past 15 years, and such increases tended to be more pronounced in countries with relatively high growth rates. A rise in inequality limited the impact of growth on poverty reduction. Boosting the agricultural sector was crucial for inclusive growth, as was an investment climate that expanded opportunities by providing a level playing field for businesses. In addition, broadening access to services such as education, finance and trade-related infrastructure would enable more people to participate in the benefits of technological progress and globalization.

66. The second point on the agenda was the need for accelerated efforts to achieve the human-development goals, which would be most affected by prospective

shortfalls. That would require commitment of more resources, including increased donor support, to key programmes in education and health, with emphasis on the quality and equity of spending.

67. A stronger focus was needed to tackle malnutrition, a challenge made more urgent by the rise in food prices. Despite the progress already achieved, malnutrition was the underlying cause of at least 3.5 million deaths annually and accounted for 35 per cent of the disease burden of children under the age of five. Policy interventions must take account of the strong links between health and education, nutrition and environmental factors. Based on the analysis of a range of countries, the report had found that environmental health hazards could cost countries as much as 4 per cent of GDP.

68. The third point on the agenda was the importance of incorporating environmental sustainability into core development in order to maximize strategies. As reflected in the wording of Goal 7, ensuring environmental sustainability was necessary in order to achieve the other goals and to sustain long-term growth and development. For countries dependent on natural resources, sound resource management was critical for sustainable growth. While issues of sustainable use of natural resources were typically raised in relation to sub-soil assets, such issues extended to other resources, such as forests and water.

69. Developing countries stood to suffer the most from climate change while being the least able to adapt. The best way to reduce their vulnerability was by diversifying their economies, strengthening infrastructure and developing health systems. The fact that about a third of the developing world's population currently lacked access to electricity implied a twofold challenge: reducing damaging carbon emissions while meeting the energy and growth needs of the world's poor countries.

70. The international community must work towards a timely agreement on a post-Kyoto framework to mitigate carbon emissions. Stabilization of greenhouse-gas concentrations within limits that kept the impacts of climate change manageable would require a significant reduction of carbon emissions by advanced countries and curbing of growth in emissions by developing countries with eventual stabilization in the longer term. Such action accorded with the principle of common but differentiated responsibilities and respective capabilities that recognized developing countries' lower historical contribution to greenhouse-gas concentrations and much lower energy use and carbon emissions per capita. The challenges raised by environmental sustainability were diverse, with no one solution suited to all countries. Transition to climate-resilient and low-carbon growth would require financing and technology transfer to developing countries. Additional external financing, rather a diversion of resources from other development programmes, would be needed.

71. The fourth point on the agenda was the need for additional and better aid. At a time when a number of countries were expanding their capacity to utilize increased resources productively through reforms, aid was stalling or, in some cases, falling. That trend must be reversed. The aid architecture was changing with the emergence of new aid sources and modalities, which promised more resources and innovation, but also posed new challenges for aid effectiveness and coherence. The upcoming third High-Level Forum on Aid Effectiveness provided a timely opportunity to address the issues of scaling up aid and its effectiveness in a changing aid landscape. Increased private flows to developing countries created opportunities to catalyse and leverage more private capital in support of development, including through innovative public-private partnerships. Borrowers and creditors both needed to consider debt sustainability in order to prevent a re-accumulation of unsustainable debt following debt relief.

72. The fifth point on the agenda was that trade should be harnessed more effectively to contribute to strong and inclusive growth. The international community must aim for a successful outcome of the Doha Development Round in 2008. The current high food prices provided a window of opportunity to break the impasse on agricultural-trade liberalization. Aid for trade should be scaled up substantially to help strengthen poor countries' trade-related infrastructure and services and enable them to take advantage of trade opportunities, thus promoting more inclusive globalization. Allocation of aid could also be improved to benefit low-income and least developed countries. In addition, trade policy should aim to facilitate transfer of environmentally friendly technologies. Eliminating policies that restrained trade in the most efficient environmental goods and services and assisting producers in developing countries in benefiting from

such initiatives as carbon labelling could help to harness the potential of trade to support strong and inclusive growth and to improve environmental outcomes.

73. The sixth point on the agenda was the importance of effectively leveraging support from international financial institutions as their relative financing roles declined. Ways of achieving that included: sharper differentiation of products and services across member countries, use of knowledge services as a critical means to enhance development leverage, and a stronger engagement in the increasingly important global and regional public-goods agenda, such as combating climate change, through direct interventions and by creating an enabling environment to leverage the private sector.

The meeting rose at 11.20 a.m.

United Nations E/2008/SR.5

Economic and Social Council

Provisional

13 May 2008

Original: English

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development

Provisional summary record of the 5th meeting
Held at Headquarters, New York, on Monday, 14 April 2008, at 3 p.m.

President: Mr. Mérorès ..... (Haiti)

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08-30498 (E)

The meeting was called to order at 3.05 p.m.

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (*continued*)

Building and sustaining solid financial markets: challenges for international cooperation

1. **Mr. Almunia** (European Commission) said that up to August 2007 the international financial system had been characterized by ample liquidity, rapid innovation and the search for higher yields. Such developments, underpinned by leverage, had resulted in the spread of financial activity across the global economy, accompanied by unprecedented credit risk within the financial system. As the prices of assets became inflated there had been growing signs that investors had been underestimating that risk. After many years of unconstrained leverage, the global financial system was currently entering a cycle of "deleveraging". Just as such leverage had brought considerable profits, its reduction was currently bringing corresponding losses. The loss of investor confidence in the financial system stemmed from concerns over such factors as the lack of market transparency, the inadequacy of risk-management systems and potential gaps in prudential frameworks. In the short term, investor confidence could only be restored by full disclosure of all losses by financial institutions and adequate recapitalization. In the medium term, the weaknesses in the financial system must be addressed at a fundamental level.

2. However, financial innovation had also brought major benefits to the global economy by fostering a more efficient allocation of resources and boosting economic-growth potential. Such innovation had benefited not only advanced but also emerging economies, through the development of their capital markets, which in turn had helped them to meet financing needs and fostered economic growth.

3. The European Union intended to strike an appropriate balance between restoring investor confidence and retaining adequate incentives for entrepreneurship and innovation in the financial system. In October 2007 the Ministers of Finance of the European Union had adopted a road map which sought to improve financial transparency in the market, particularly with respect to the exposure of banks to securitization and off-balance-sheet items, improve valuation standards, strengthen the banking sector's risk management and investigate structural market issues such as the role played by credit-rating agencies. The road map favoured self-regulation and industry-led initiatives, as the primary responsibility for managing risk in the financial system lay with the private sector. Nevertheless, regulatory action was needed whenever appropriate.

4. The current global financial turmoil required an international financial response, as the actions of any single country could affect others. To date, there had been remarkable international consensus on the underlying causes of the financial turmoil and on the required policy response. The recommendations set forth in the April 2008 report of the Financial Stability Forum on enhancing market and institutional resilience were entirely consistent with the European Union road map. States should not attempt to act alone, as differences in market regulation and oversight could distort competition and generate undesirable regulatory arbitrage. Furthermore, policymakers had an opportunity to learn from one another's experiences. The failure to coordinate efforts would send a negative signal to the markets, which responded most favourably when authorities acted in concert.

5. Emerging economies must be included in efforts to provide financial stability. In addition, the scarcity of primary resources was affecting commodity prices, and the ensuing inflationary pressures posed challenges to the conduct of monetary policy and increased the risk of a further economic slowdown. The international community must work to prevent slower growth from affecting developing countries and the achievements made in reducing poverty.

6. **Mr. Jomo** (Assistant Secretary-General for Economic Development) said that liberalization in the past 25 years had led to deflationary macroeconomic policies resulting in slower economic growth than in the 1950s, 60s and 70s. Financial liberalization had also undermined many of the earlier economic policies, institutions and instruments which had served to advance economic development and growth. International Monetary Fund (IMF) studies had shown a strong tendency for capital flows and macroeconomic policies to be pro-cyclical rather counter-cyclical, which had made financial markets vulnerable to crises. Liberalization had not helped to finance development as much as its proponents had suggested. On the

contrary, during the past quarter of a century, capital flows had tended to go from the capital-poor countries, including those of sub-Saharan Africa, to capital-rich countries, with the exception of East Asia in the years preceding the financial crisis of 1997/98.

7. The cost of funds had not declined significantly, mainly because of the strong influence of the policies of the United States Federal Reserve. While some sources of volatility and instability had been reduced, others had been introduced. The strengthening of financial markets domestically had not increased financing for development. With the exception of microcredit, initiatives for more inclusive financing were lacking.

8. The following areas therefore required urgent attention: crisis prevention and crisis management; financing for development; governance of international financial institutions; and regional monetary and financial cooperation. In the light of the current financial turmoil, IMF must assume a strong leadership role, as it was the most inclusive of monetary and financial institutions. The Group of Seven major industrialized countries and even the Group of Twenty, established by the Group of Seven in 1999, were far from inclusive. The same was true for many other multilateral institutions, including the Financial Stability Forum, in which developing countries had relatively little voice.

9. While developing countries had been relatively isolated from the recent financial turmoil in the West, emerging-market economies and others, would inevitably be affected. The international community must identify the changes in the international financial system which had led to the current crisis as it made decisions about much-needed supervision and regulation. Although concern had been expressed about sovereign wealth funds, there had been no demands for similar transparency of hedge funds. Greater attention must be given to counter-cyclical instruments in efforts to shape financial markets to promote development and meet concerns for equity. Markets could be good servants, but they could also be very cruel masters. It was therefore important for policymakers to draw on recent experience as well as the lessons learned from the preceding 25 years.

10. **Mr. Towe** (Deputy Director, Monetary and Capital Markets Department, International Monetary Fund (IMF)), making a PowerPoint presentation, said that the current global situation and threats to systemic stability were causes for concern. The signs of market stability in recent weeks had only been in response to major policy responses, including cuts in official interest rates and other measures. The private sector had also responded significantly. For example, banks had undertaken efforts to bolster capital. Nevertheless, inter-bank markets continued to be impaired and a significant risk of a debt spiral remained. The areas of greatest concern involved liquidity, credit, the emerging market and macroeconomic risks.

11. With respect to credit, the current situation no longer involved only the sub-prime market. Estimates of losses for holders of United States-issued debt amounted to nearly $1 trillion. The share of the debt which did not involve the sub-prime sector had increased significantly. Thus, there were losses related to commercial real estate, corporate credit and other areas. Default rates had also increased significantly in the so-called prime sector. There were also signs of a potential downturn in the real estate markets outside the United States, including in Europe, where housing prices in many countries were relatively high.

12. With respect to inter-bank markets, credit spreads remained wide and there were still signs of a high level of uncertainty and lack of confidence in the solvency of key banks in both the United States and the euro area. The bank losses from the sub-prime crisis had extended well beyond the United States. European banks were bearing a significant brunt of the downturn in the United States housing market.

13. The United States corporate sector was also vulnerable to a downturn. Default rates in the corporate sector had remained low despite the tightening of lending standards, which was very anomalous and suggested a possible deterioration in that sector. It risked being even more severe than in the past, given the weakness in underwriting standards during the past four years, low levels of collateralization and lax loan conditions.

14. Emerging markets were also facing a threat from the global financial crisis. Their access to capital had recently been constrained and the price of that access had significantly increased. Higher defaults were of particular concern in emerging markets in Eastern and Central Europe, and especially in the Baltic countries.

15. Concerning policy requirements, in the short term, national authorities must make every effort to

avoid a sustained credit crunch by maintaining support and liquidity for inter-bank markets, enhancing bank disclosure to bolster confidence, encouraging banks to seek additional capital to repair balance sheets while discouraging them from paying dividends, and making contingency plans to deal with potentially large stocks of impaired assets. In the medium term, policies should be adopted to enhance credit discipline, the credit-ratings system, consolidated supervision of banks, fair-value accounting, liquidity risk management and crisis management. At the multilateral level, the IMF International Monetary and Financial Committee and the Group of Seven had endorsed the foregoing policy prescriptions and the report of the Financial Stability Forum. There had also been calls in Europe and in the United States for closer cross-border supervisory cooperation. Although the Fund was not a regulatory body and did not set financial standards, it would play a significant role in identifying risks, bring them to the attention of key national and multilateral bodies and be actively engaged with major standard setters, especially the Basel Committee. Most significantly, it would act on the bilateral level to apply lessons learned and policy conclusions through its Financial Sector Assessment Programme and article IV consultations, and would continue to engage in dialogue with national policymakers.

16. **Mr. Bajuk** (Observer for Slovenia), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Georgia and Moldova, said that the current market turmoil had exposed the weaknesses in the existing global financial architecture and underlined the need to enhance crisis prevention and management mechanisms. Rapid financial innovation had made it increasingly difficult for supervisors, regulators and authorities at the national and international level to translate risk analysis into policy action, including enhancing capital and disclosure requirements and improving market discipline. Given the global nature of financial markets, early warning capabilities should be increased, including the strengthening of the oversight role of IMF.

17. Consistent and timely international cooperation on banking regulations and supervisory practices through such forums as the Basel Committee must be enhanced. Reform of the international financial architecture was also essential. While the recent agreement on reforming the Fund's quota and voting system reached by the International Monetary and Financial Committee would increase the credibility and legitimacy of the Bretton Woods institutions, the review of the IMF budgetary framework must be completed and the Fund's independence maintained. It must be given an opportunity to fulfil its valuable role in low-income countries in promoting macroeconomic stability, growth and debt sustainability. Such efforts should be complemented by enhanced collaboration with the World Bank.

18. **Ms. Gerebizza** (European Network for Financing for Development) said that one of the most worrisome aspects of the current crisis was its spread from the United States of America to Europe and from there to developing countries, where it was undermining efforts to build solid financial markets and compromising the achievement of the Millennium Development Goals. The systemic issues that had led to the crisis must be addressed, as must the impact of such new actors as hedge funds and private equity funds, complex instruments which were largely unregulated.

19. Offshore tax havens and capital flight from developing countries also ran counter to the decisions taken in the Monterrey Consensus calling on developing countries to strengthen tax cooperation and reduce capital flight. An international regulatory framework was needed to ensure stability in developing countries. The challenge was to make financial markets work for developing countries and to realize that they did have resources for financing development that should be protected from capital flight. Proposals in that area included a call to strengthen the United Nations Committee of Experts on International Tax Matters and upgrade it to the status of an intergovernmental entity that would become a world tax organization empowered to take measures to combat capital flight and tax evasion. The nature of the dialogue between the United Nations and the Bretton Woods institutions must change in order to produce the more structured plan required to meet those challenges.

20. **Mr. Blake** (Observer for Antigua and Barbuda) said that the current crisis had revealed the weakness in the global financial architecture, but that was not a new problem. In 2002, the Monterrey Consensus had recommended actions which had not been taken. Policy proposals still seemed to depend on national action,

and he wondered where the global arrangements to address the crisis in an inclusive manner were to be found. He stressed the urgency with which systemic issues must be addressed.

21. **Mr. Heidt** (United States of America) said that the current economic situation was unusually challenging, and over the past three months his Government had made important moves in fiscal and regulatory policy to increase liquidity and stability in its domestic financial markets. After those short-term efforts, it had begun to shift its focus to longer-term regulatory issues, and some encouraging signs of easing pressure could be noted, although growth projections remained pessimistic.

22. The crisis had originated in the industrialized countries and, fortunately, direct spillover of its effects to developing countries had thus far been limited. Policymakers in developing countries faced difficult choices at the macroeconomic, fiscal and regulatory levels, especially in the emerging economies, which played an increasing role in the global economy. He would like to hear more about their policy priorities in the coming year in the light of the financial crisis.

23. **Mr. Yaya** (Observer for Guinea) said that his country was the current President-in-Office of the Leading Group on Solidarity Levies to Fund Development (Groupe Pilote). The road ahead was difficult for developing countries because of the drop in official development assistance, climate change and the crisis in financial markets. Added to those problems was a new element — a food crisis affecting some 100 countries. In the view of the members of the Leading Group, the upcoming Doha Conference should focus on more effective mobilization of aid in the few years remaining for the achievement of the Millennium Development Goals. For its part, the Leading Group would continue to work on a common platform to be presented at Doha, and would continue efforts to expand its membership and increase its cohesion.

24. **Ms. Skaare** (Observer for Norway) said that there was an apparent gap between the financing available for the achievement of the Millennium Development Goals (MDGs) and the funds needed, but in the view of her delegation, available resources, in the form of illicit cross-border financial flows, were being overlooked. Those flows, resulting from corruption, tax evasion and criminal activity, amounted to some $1.6 trillion per year, compared to the estimated $150 billion needed to reach the goals. Such flows harmed society and undermined development, and could be put to better use than enriching the few. Norway was chairing a task force to learn more about the development impact of illicit flows with the objective of identifying policy tools to stem such activity. A critical challenge in the Monterrey Consensus was the creation of an enabling internal environment to mobilize domestic savings and reduce capital flight. Her delegation would continue to explore how best to place the issue of transparency on the international agenda.

25. **Mr. Yang** Yingming (Alternate Executive Director for China, World Bank) said he wished to comment on three implications of the current financial turmoil on developing economies. First, financial innovation had great potential to promote the domestic and global economy, but in practice it was not an automatic force for economic growth and poverty reduction. For financial innovations to work for "Main Street" rather than "Wall Street", they must be accompanied by appropriate regulations. Regulatory capacity-building took time, however, and therefore financial deregulation, liberalization and innovation must be conducted in a prudent and gradual manner in order to ensure stability, which was important for sustainable development.

26. Second, international surveillance should be conducted in a balanced manner, rather than focusing on developing countries which did not have a major impact on the international economy and imposing conditions on official development assistance. The challenge for the future would be to develop effective mechanisms to enhance surveillance of major industrial economies, particularly those with reserve currencies.

27. Third, emerging economies were being asked to play a more important role in international coordination, given their experience in dealing with the crises of the past decade. The failure to engage those countries at the recent IMF-World Bank meetings had cast suspicion on the motivations of international cooperation efforts led by the Group of Seven. The credibility of international coordination must be improved and must be conducted in an equitable manner.

28. **Mr. Fried** (Executive Director, International Monetary Fund (IMF)) said that, from the tenor of the discussions thus far and the criticisms of the

international financial system, it could be concluded that capital flows were evil and that both national and international governance in financial matters were lacking, conclusions with which he heartily disagreed. On the contrary, internationalization of capital markets had contributed to the alleviation of poverty, and the movement of capital and economic liberalization had helped developing countries. South-South capital flows were also a significant factor. Both a qualitative and a quantitative analysis of international investment were needed.

29. The focus of national governance was quite narrow, consisting mainly in strengthening the hand of the finance minister to address debt sustainability and management through fiscal policy. Interest rates, inflation rates and exchange rates were also important in operating a monetary policy that would allow debt sustainability.

30. The question of who should oversee capital markets was a challenging one. Transparency for the consumer was needed, in addition to prudential regulation to guarantee the integrity of the financial system. He agreed that too much emphasis might have been placed on commercial banks leading up to the current crisis, but rejected the notion of a "shadow banking system" which existed parallel to the international system.

31. Regarding international governance, IMF, the World Bank and the United Nations did function to some extent as an executive committee, in order to balance considerations of representation with the need for efficiency. The 24 finance ministers on the International Monetary and Financial Committee could not act alone, and that ensured regional representation. The Financial Stability Forum, in which the 30 largest capital markets were represented, was also relevant for its purpose. Lastly, the Funds agreement to the International Monetary and Financial Committee recommendation to change quotas was a first step in an effort to balance representation and voice, with adjustments scheduled every five years.

32. **Ms. Mbizvo** (United Nations Office on Drugs and Crime (UNODC)) said that the enormous cost of corruption to the goal of sustainable development was well recognized. Its effects were particularly destructive in the least developed countries. Where private investment was limited, citizens relied to a greater extent on the State, and as capital took flight, there was less money to finance public programmes such as education and health care, and investors and development agencies also stayed away, creating a window for the looting of public assets that should be devoted to financing development.

33. In September 2007, the Stolen Asset Recovery Initiative, known as StAR, had been launched, to enable developing countries to recover assets stolen by corrupt leaders. It was operated jointly by UNODC and the World Bank, as part of efforts to implement the United Nations Convention against Corruption. The StAR Initiative had four objectives: recovery of assets, institutional reform to deter asset theft, lowering of barriers to asset recovery, and empowerment of the Friends of StAR, an action group to engage international leaders in the process.

34. The StAR Initiative was fully engaged in pilot projects for repatriation of assets with the Governments of Bangladesh, Haiti and Indonesia, and was in negotiations with five other countries, with the objective of having six pilot projects by the beginning of 2009. Mutual legal assistance ensured that Governments received cooperation in recovering assets, reflecting the interest of UNODC in making sure that development funds went towards development and that stolen assets were returned to victim countries to be used to finance development.

35. **Ms. Griesgraber** (New Rules for Global Finance Coalition) said that, in addressing the needs of the current global financial crisis, transparency and quality of governance were needed. She regretted that IMF had concluded that it had no regulatory or standard-setting role and that financial giants and wealthy financial entities from the private sector were represented on a par with Governments, while developing countries were not represented equitably. It was also regrettable that the members of the Financial Stability Forum had agreed among themselves how to resolve the crisis, while the systemically insignificant countries — the ones most affected — had not been given a chance to speak for themselves. The IMF quota-reallocation debate which had resulted in a 2.7-per-cent change represented a sad moment for an institution that needed to reclaim its legitimacy. There was a great need for a global monetary and financial architecture that was equitable, inclusive, transparent, and worked for justice.

36. **Mr. Alves** (Brazil) said that many seemed to blame the Fund for not warning the world of the crisis in time, yet he believed that was unfair, as reports warning of problems had been coming out for the two previous years. He asked if sovereign wealth funds posed a potential threat to the financial system, as offshore banks had done in the 1980s. He also noted that members of the Economic and Social Council had not participated in the recent meetings of the Bretton Woods institutions, which would seem to contradict relationship agreements that provided for reciprocal representation.

37. **Mr. Towe** (Deputy Director, Monetary and Capital Markets Department, International Monetary Fund (IMF)) said that priorities in dealing with economic conditions that would become increasingly difficult included sound macroeconomic policy as the first line of defence for both developing and mature markets. The regulatory and supervisory environment must be in order, and authorities must be empowered and mandated to take necessary action. Countries could look to regional mechanisms to strengthen regulatory and supervisory capacity and crisis management, as well. Developing countries might look to securitization to enhance capital markets, but should be careful not to move too quickly down that path. Likewise, the Basel II revised framework could enhance risk management, but it was a complex system, and caution should be exercised before applying the framework prior to building sufficient capacity to manage it.

38. **Mr. Jomo** (Assistant Secretary-General for Economic Development, Department of Economic and Social Affairs) pointed out that, more than two years earlier, in the *United Nations World Economic Situation and Prospects*, the Department had raised the issue of global financial imbalances, although little notice had been paid. When he had drawn the attention of the United States authorities to the vulnerabilities of the sub-prime-mortgage market 16 months earlier, he had been called a prophet of doom. He took no pleasure in being correct, but simply wished to stress the importance of having a balanced discussion on such topics that was sensitive to many different perspectives. It would be difficult to anticipate the dimensions of the crisis in the United States, but it would be naïve for developing countries to expect to be insulated from its consequences. The potential future impact on liquidity and growth in their markets should be recognized.

The meeting was suspended at 4.45 p.m. and resumed at 4.55 p.m.

Financing of climate change mitigation and adaptation

39. **Mr. Kjørven** (Assistant Administrator and Director, Bureau for Development Policy, United Nations Development Programme (UNDP)) said that climate change was a daunting challenge for all Member States in their efforts to find a way of "doing development differently" and incorporate climate-change considerations into the foundations of their economic and social policies, including plans to reach the Millennium Development Goals (MDGs).

40. Urgent collective action was needed from both developed and developing countries through a multilateral framework. One of the reasons for that urgency was that climate change would disproportionately affect the poor. According to the *Human Development Report, 2007/2008*, the world was moving towards five climate-change-induced "tipping points" that could result in a future of diminished opportunity for the poorest 40 per cent of the world's population.

41. As investment decisions taken today would affect the greenhouse-gas emissions of the future, there was a window of opportunity to direct financial and investment flows into more climate-friendly and resilient new technologies. The United Nations Framework Convention on Climate Change (UNFCCC) report on investment and financial flows had estimated that an additional $200-210 billion would be necessary by 2030 to stabilize global greenhouse-gas emissions and tens of billions of dollars for climate-change adaptation. Investments and financial flows would have to be redirected to more-sustainable, climate-friendly alternatives; funds for mitigation and adaptation activities and technologies would have to be increased; the risk should be shared by providing incentives for private investment in the early deployment of new technologies.

42. Several issues should be borne in mind. First, the cost of inaction far outweighed the cost of action. Second, the priorities for additional support should be identified by developing countries themselves, in accordance with the principles of the Paris Declaration on Aid Effectiveness. Third, development goals should be linked to efforts to combat climate change. Fourth, emerging initiatives designed to finance the response to

climate change must be synchronized with the UNFCCC process by working with host countries and ensuring that the various funds were complementary. Any new financial mechanism should be assessed in the context of the review of financial instruments called for by the 2007 UNFCCC Conference in Bali. Fifth, the United Nations and the Bretton Woods institutions, working together, could play an important role in addressing climate change and achieving development goals.

43. Capacity development should be an integral part of international support and could include investment in a country's capacity to: assess and develop policy options across different economic sectors; integrate the economics of climate-change mitigation and adaptation into development-planning frameworks; and identify opportunities for climate-change investment and determine how best to access and allocate different sources of funding.

44. All development efforts should contribute to achieving significant results in terms of sustainable and human development. If climate finance was well constructed, official development assistance could be an important part of the forward-looking climate-finance architecture, helping to spur a transition towards real sustainable development.

45. Developing the capacity to access and make effective use of all relevant development resources, including climate finance, while managing climate risk and climate vulnerability effectively would be part of all future UNDP efforts. A broad compact was needed between the multilateral financial institutions, the United Nations and the Global Environment Facility, as the multilateral system had to provide powerful, coherent support to stave off a climate disaster in the coming decades.

46. **Mr. Banuri** (Stockholm Environment Institute), making a PowerPoint presentation, said that it was important to think about how to bring together the different approaches to climate change and development. The "climate community" was seeking a comprehensive solution, often starting with emission goals and working backwards to see what needed to be done. The "development community" started with development goals in its concern to protect the development momentum. The "development finance community" looked at what was practical, and had already produced a number of instruments.

47. Although most recent analysis considered a target of 50-per-cent reductions in greenhouse-gas emissions by 2050 to be meaningful, the climate community was already indicating that future emissions had to be reduced by 80 per cent, while even that figure did not guarantee a solution. Yet developing countries had an enormous energy shortfall and would need to increase their electricity infrastructure by a factor of four by 2050, which meant that the overall reduction would need to be even higher.

48. The development community saw a strong correlation between basic human needs and economic development, and suggested a poverty line of $20-30 per day per capita, rather than one or two dollars. The development agenda and the Millennium Development Goals were therefore incomplete and required further work.

49. The long-term inequality between countries had for the first time been somewhat reduced in the current century, when developing countries had achieved a growth rate of over five per cent. Excluding the high growth rates of China and India, however, there had been no decrease in inequality, and a continued growth rate of five per cent would result in higher emissions and lead to climate catastrophe.

50. Development today was thus facing a number of crises, including the unfinished development crisis and the fact that climate change affected poor countries disproportionately, while OECD climate policies could make energy more costly in developing countries. Policy coherence in the North was therefore essential. There was also the impact of developing countries' own climate policies and the danger that the entire growth momentum would come to a halt.

51. The development-finance community was considering very practical approaches, including the carbon market and the clean-development mechanism (CDM), and the carbon tax; yet there were serious concerns with both options. The potential contribution of CDM was limited, as it assumed that there were no reduction goals for developing countries, as agreed in Kyoto. As developing countries' energy consumption was growing faster, CDM and the carbon market could only be effective if the developed countries increased their targets by a factor of five. CDM also assumed that there would be cost reductions over time, but it was not yet clear whether that was correct. The carbon tax,

however, had a significant regressive impact on energy prices.

52. Various scenarios had been considered and, clearly, the earlier that mitigation action was taken, the better. Otherwise the guaranteed high level of impact could result in the breakdown of cooperation between rich and poor countries.

53. The focus on global discussion on emission targets and financing made it difficult to reach agreement. A better approach could be to set more effective targets as a basis for stronger global cooperation. The Stockholm Environment Institute was proposing a set of climate development goals on the model of the Millennium Development Goals, in which the convening power of the United Nations had played a very important role.

54. Climate development goals could include ensuring equitable access to modern energy services while reducing greenhouse-gas emissions and shifting to sustainable, efficient and equitably distributed transport services. Other goals could relate to food security, financing, technology development and cooperation, human health, ecosystems and disaster management. The UNFCCC and other organizations had suggested a similar set of goals.

55. In the case of energy, the problem was the lack — or high cost — of access to modern energy services. Targets were needed for universal coverage, convergence in per-capita availability, stable pricing in relation to per-capita income, use of renewable energies, and national targets for efficiency. There could also be concrete targets for each area. The approach described could help to bring agreement between groups of countries and also between the development, finance and energy communities.

56. **Mr. Monari** (Senior Manager, Sustainable Development Vice-Presidency, World Bank), making a PowerPoint presentation, said that the issue of climate change was one of the most formidable challenges of the century. The World Bank Group was working to integrate climate change and development challenges without compromising growth and poverty reduction. Climate-change action was being scaled up on the basis of the following principles: continued priority for economic growth and poverty reduction in achieving the MDGs; the understanding that increased access to energy services and increased energy use by developing countries were fundamental to those goals; recognition that adaptation to climate variability and change was critical to sustaining development gains in the majority of developing countries; and the understanding that addressing climate change must not divert resources from core development needs.

57. The World Bank Group was developing a strategic framework to integrate mitigation and adaptation into development strategies. A simplistic approach based on withdrawal from carbon-intensive sectors such as thermal power would not serve climate change or the development agenda. The way forward was to support advanced and efficient technologies, but a major increase in financing would be needed to help countries to move to a low-carbon path.

58. Eighty per cent of the funding for climate-friendly development was expected to come from private sources, while the public sector would have the critical responsibility of facilitating investment flows, including through favourable policy and regulatory measures. Other important areas were the acceleration of deployment of advanced and new technologies for addressing climate change and the advancement and sharing of knowledge about synergies and tradeoffs between growth and climate objectives.

59. The Group used a wide range of existing instruments to support development investment and policies, and much of its lending was in sectors with the largest potential for adaptation and/or mitigation. In consultation with interested parties, including developing and developed countries, the UNFCCC, the Global Environment Facility, United Nations agencies and the private sector, the World Bank Group and regional development banks were working together to establish a portfolio of strategic climate investment funds and programmes to help the transition to a low-carbon development path and a climate-resilient economy. The climate investment funds were designed as a medium-term measure to show that it was possible to achieve both growth and poverty reduction in the move towards a low-carbon, climate-resilient future. The Bank would continue to develop its proposal in consultation with key stakeholders.

60. The climate investment funds provided incentives for scaled-up action and transformational change, promoted cooperation and support towards a post-2012 agreement, provided experience and lessons in responding to climate change and utilized skills and capabilities of the international financial institutions.

They also supported investments based on country-led strategies and sought co-financing as appropriate, maximized co-benefits in other areas of sustainable development, particularly in relation to sustainable management of natural resources and ecosystem services and were flexible and efficient in response to country demands.

61. **Mr. Alexander** (United Kingdom) said that the priority was to address the challenge of achieving the MDGs while tackling climate change. The impacts of climate change were already being felt in Africa and in Asia and had come to define the lives of many poor people. If action was not taken immediately, the progress already made towards the goals would be reversed.

62. Climate change made development more difficult and more expensive to achieve, and additional financing would be required to implement low-carbon, climate-resilient development measures. The additional finance, including the post-2012 financial architecture to be agreed on in the context of the UNFCCC, should be integrated within established development processes, nationally and internationally. The United Kingdom had already pledged over $2 billion for tackling climate change and was willing to do more. The carbon market would play a key role, but at present public money would be needed to kick-start the transition to a climate-resilient society.

63. A new development model was needed and the United Kingdom had therefore provided over $30 million to drive development in the Clean Energy Investment Framework. The reach and impact of carbon finance had to be expanded, including by reforming existing mechanisms such as the clean-development mechanism so that more countries could benefit, and by developing new ones. The options for sectoral crediting as a stepping stone for sectoral trading should be considered, together with the inclusion of new sectors, such as land use and deforestation.

64. The United Kingdom had pledged $30 million to the Forest Carbon Partnership Facility and $100 million to a special fund to help safeguard the forests of the Congo basin. It was also allocating $200 million over the next five years to the science and the social and economic impact of climate change and to helping countries put that information to good use.

65. His country had also committed £140 million over four years to the Global Environment Facility and had pledged a further £20 million for the United Nations adaptation funds. Some of the funds set aside for the United Kingdom's Environmental Transformation Fund would be used for pilot approaches to building resilience in a number of developing countries in the hope that their results could be used in the UNFCCC discussions.

66. Future financing needs for climate change were, of course, being discussed under UNFCCC auspices. However, both finance and development ministries should be playing a leading role. It was critical that the Doha outcome should refer to the challenges posed by climate change, with emphasis on the threat to the achievement of the MDGs. In 2005 the international community had come together to make poverty history, but if it did not understand and address climate change, poverty would be the future for billions of people.

67. **Mr. Yang** Yingming (Alternative Executive Director for China, World Bank) said that they had heard a lot about a growing number of urgent needs of the international community, especially in relation to coping with new emerging challenges, with climate change at the top of the agenda. While it was entirely legitimate to discuss all such subjects, he wished to recall that the purpose of their business was development. If emerging new needs were to distract them from the basic development agenda and from the MDGs, they might find that some of those goals had been forgotten in a few years' time. He advocated a longer-term view of development.

68. Equitable and sustainable growth could help all countries to cope with emerging and urgent issues. He wished all the participants success in increasing the pace of achieving equitable and sustainable development.

69. **Mr. Dapkiunas** (Belarus) said it was essential for developing countries to participate at an early stage in the research, development and demonstration of low-carbon-emission energy. Such technologies should be part of the global commons, and the United Nations could play a key role in ensuring the access of all countries to those technologies, including technologies for producing new and renewable energy sources. A discussion of practical implementation should be part of the thematic debates at the next session of the General Assembly.

70. The basic mechanism for the international financing of technology to provide low-carbon emissions was the Clean Development Mechanism, as set forth in the Kyoto Protocol. However, Belarus could not make use of the mechanism until an amendment to the Protocol which had been adopted 18 months earlier came into force. Only two countries, apart from Belarus, had ratified the amendment, which he found very puzzling.

71. Belarus was meanwhile developing a new system of carbon financing which was unlike any other in the world. The national scheme of voluntary commitments would be connected with implementation of the Kyoto Protocol.

72. Success at the 2009 United Nations Climate Change Conference in Copenhagen would depend to a large extent on Member States' collective ability to turn today's words into concrete actions, even small ones such as ratification of the amendment to the Kyoto Protocol.

73. **Mr. Boyce** (Barbados) said that climate change posed a particular threat to small island developing States such as Barbados, which had used their coastlines to achieve middle-income status but which risked losing those natural assets through no fault of their own. It was unfair that such States, because of their middle-income status, should now be required to find the funding to combat climate change at commercial rates. They should therefore be allowed to obtain funding on concessional terms. The international community must also be prepared to make the long-term commitment required to ensure that those States regained their lost assets.

74. **Mr. Shinyo** (Japan) said that his country felt a special responsibility to promote the Kyoto Protocol and to ensure that a suitable post-Kyoto framework was in place after 2013. To that end, it was working hard to propose a way forward within the context of negotiations held under the UNFCCC and also within the Group of Eight. However, the developed world also had a responsibility to provide immediate assistance to those already suffering from the direct consequences of climate change. Under the "Cool Earth Partnership", Japan would therefore provide funds to developing countries amounting to some $10 billion over the next five years: $2 billion in assistance for adaptation and $8 billion for mitigation.

75. Over the past 30 years or so, Japan had doubled its GDP without increasing energy consumption in the industrial sector. As such, it was a remarkable example of how a country could attain the twin goals of economic development and environmental protection. Japan was also willing to share its experience and technology with other countries. In that connection, it intended to provide a further $3 billion in funds for innovative technologies over the next five years. Furthermore, Japan had established a new multilateral climate-change-mitigation fund in cooperation with the United Kingdom and the United States. The first projects had already been implemented through the fund with such countries as Madagascar, Senegal and Guyana.

76. Lastly, he drew attention to the apparent contradiction of using food for biofuels in the context of the current world food crisis. He also called for further discussion within the United Nations of the use of atomic energy as a potential means of reducing carbon-dioxide emissions.

77. **Mr. Bialek** (Observer for Australia) agreed that there was an urgent need for large-scale finance and investment to promote clean technology development and climate-change adaptation. For its part, Australia was considering how best to contribute to climate-change action, including through a range of multilateral instruments. In doing so, it remained cognizant that such actions should be complementary to the allocation of resources under the UNFCCC.

78. The private sector was potentially a major source of global investment and financial flows for mitigation. The Government of Australia firmly believed in the potential power of the carbon market and was moving towards a cap-and-trade emissions-trading system, to become operational by 2011.

79. Having recently ratified the Kyoto Protocol, his Government was of the view that the flexibility mechanisms of the Protocol should continue to focus on the reduction of emissions and that their scope should be broadened to facilitate mitigation in areas that had been excluded or limited in the first commitment period.

80. While the private sector was potentially a major source of funding for the transformation to a low-carbon economy, it was important to recall that the resources allocated by parties nationally, including through official development assistance, were likely to

remain the primary sources of adaptation funding. Governments must therefore be prepared to increase the resources dedicated nationally to address climate impacts, including by scaling up their assistance to the least developed countries, small island developing States and vulnerable developing countries in particular.

81. **Mr. Blake** (Observer for Antigua and Barbuda) said that all those present would surely agree on two points: that climate change was already having an adverse impact on the development gains made by developing countries over the past two decades; and that resources from the international community for climate-change adaptation must be additional to those provided to meet the MDGs and development needs in general. It was also clear that the resources required to address climate change must be organized and mobilized in an inclusive manner. The Kyoto Protocol and the UNFCCC already had the relevant global mechanisms in place in that regard and it was essential that they should be properly utilized, particularly the Adaptation Fund.

82. Small island developing States and African States should not be required to take out loans, including credit or credit guarantees, for the "privilege" of tackling problems that they themselves had not created. Funds for such purposes must therefore be agreed on a grant basis. Furthermore, technology for adaptation and mitigation must remain in the public domain to ensure that it was accessible and affordable to developing countries.

83. Lastly, the funds required to combat climate change should be considered within the context of existing UNFCCC mechanisms. Further efforts to develop new funds and arrangements were merely a distraction.

84. **Mr. Hillman** (Stamp Out Poverty) said that the estimated tens of billions of dollars required each year for climate-change adaptation and mitigation must not come from existing official development assistance; otherwise a stark choice would have to be made between protecting the environment and meeting the MDGs. Additional funding was therefore absolutely critical. In that connection, he welcomed the earlier statement by the representative of the United Kingdom, who had specifically stated that additional funds would be provided to combat climate change.

85. His organization agreed that the UNFCCC provided the appropriate framework for arrangements concerning the costs of financing climate-change adaptation and mitigation. Any effort to increase resources for that purpose must therefore come under that framework, which provided adequate representation for both developing and developed countries.

86. His organization strongly agreed with the need to tax currency transactions and welcomed the renewed interest in a possible currency-transaction development levy designed to generate billions of dollars. In that connection, the Doha outcome should make specific reference to such innovative mechanisms with a view to generating the substantial new revenue required.

87. **Ms. Triastuti** (Indonesia) said that meeting the additional financial requirements to address climate change would be a challenge. Some estimates suggested that some $200 billion in investments would be needed each year to implement low-carbon development policies, thereby underscoring the importance of existing financial mechanisms and the need to develop innovative financing for mitigation and adaptation purposes while implementing the Monterrey Consensus.

88. Governments and regional and international financial institutions would have to shoulder the major burden of those new responsibilities. In that context, finance and trade ministers had recently held meetings in Bali, in parallel with the thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to focus on the economic and developmental implications of climate change. As a result, the following had been agreed by the financial ministers: factoring climate change into development planning and economic policies was a necessary first step; it was in the global interest to improve existing financial mechanisms and to develop innovative financing for adaptation and mitigation purposes; a long-term, steady flow of funding and investment was essential; and an enabling environment must be created to ensure that the required level of funding and investment was reached. While the ministers had recognized that trade played a key role in global economic development and welfare, there had still been a divergence of views on how trade could best help efforts for climate-change mitigation and adaptation while keeping development objectives

in mind. Further analysis of the linkages involved would therefore be required.

89. Indonesia welcomed the recent outcomes of the Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC. The decision to focus on finance and technology negotiations at an early stage was encouraging. Furthermore, the broad consensus emerging demonstrated how serious developed nations were about helping developing countries to adopt low-carbon and climate-resilient measures.

90. Heads of governmental financial institutions must play an active role in mitigation efforts, particularly by making use of important opportunities related to the carbon market, technology transfer and innovation. However, the private sector would also become an increasingly important stakeholder. Incentives to promote corporate social and environmental responsibilities must therefore be developed, and consumers should also be given additional incentives to contribute to mitigation efforts.

91. Further mechanisms needed to be explored in the area of adaptation, since the current 2-per-cent levy on transactions under the Clean Development Mechanism could not meet the predicted level of investments required. The recommendation of a GDP-based levy on so-called Annex 1 countries to finance adaptation therefore merited further consideration.

92. Both finance and technology were the central link between engagement by developing countries and action by industrialized countries. Indonesia was already taking steps to reduce emissions from deforestation and to promote cleaner future energy initiatives. Other countries should take immediate action so that the international community could address the challenge of climate change together.

93. **Mr. Bagchi** (Observer for India) said that climate-change adaptation and mitigation should be allocated equal resources. It was therefore unfortunate that there appeared to be a greater focus on mitigation at the present time.

94. Development itself was a very effective method of adaptation. For example, India spent more than 2.6 per cent of its GDP on development programmes with a very strong adaptation content. The issue of adaptation itself should be approached from the perspective that developing countries had contributed least to climate change. A certain amount of caution was needed when attempting to integrate climate-change financing into traditional development financing, since the typical donor-recipient relationship did not exist: the historical responsibility for climate change went far beyond any traditional concepts of financing for development.

95. One major concern was that integrating climate-change adaptation and mitigation into the development agenda might undermine the availability of additional funds. Another concern was that the new funds proposed by the World Bank might subsequently lead to additional climate-related conditionalities from multilateral financial institutions with respect to both development and commercial financing.

96. In view of the key role that technology could play in combating climate change, it was important to ensure that developing countries had access to advanced clean technologies. Control regimes on such technologies must therefore be removed. Annex 1 countries and other developed countries must also demonstrate a firmer commitment to investment in cleaner technologies in order to ensure a commensurate commitment on the part of the private sector.

97. **Mr. Lobo de Mesquita** (Portugal) said that combating climate change would involve massive shifts in investment patterns in a vast range of sectors, including the need to scale up funding and to optimize the allocation of existing funds. It was therefore essential to ascertain that financial markets were capable of mobilizing the investment required and to ensure that efforts were being made for a comprehensive review of existing and planned investment and financial flows. At the same time, each and every contribution towards the common goal of long-term cooperation to address climate change must be explored as a matter of urgency and with a particular focus on the needs of developing countries.

98. While the carbon market could make a substantial contribution towards the mitigation of emissions and the adoption of a new development paradigm, that would not be sufficient to address the complex financial challenges of climate-change adaptation and mitigation. Similarly, official development assistance alone would not deliver all of the financial flows identified as necessary. The private sector therefore must play an important role in financing climate-change mitigation and adaptation.

99. In that context, he enquired how further advantage could be taken of the synergies between development and climate-change adaptation and mitigation by scaling up and optimizing the use of resources through international financial institutions, the Global Environment Facility (GEF) and official development assistance; how market-related mechanisms could be further used to co-finance adaptation needs in developing countries; and how best to support vulnerable countries in their adaptation and mitigation policies through multilateral finance.

100. **Mr. Ehouzou** (Benin) said that rising sea levels and creeping desertification were contributing to the level of poverty in West Africa. He therefore welcomed the encouraging words of commitment from representatives of the World Bank to assist the countries of West Africa in combating climate change.

101. **Ms. Alves** (Brazil) said that the financing of climate-change adaptation and mitigation was addressed by the UNFCCC and its Kyoto Protocol, which established financial mechanisms for the provision of resources on a grant or concessional basis. The relevant provisions of those instruments should therefore be implemented.

102. While the World Bank had an important role to play in mobilizing financial resources and in designing innovative financial mechanisms to tackle global warming, it should respect the UNFCCC process under way without prejudging results or anticipating decisions. The World Bank also played a pivotal role in harnessing the resources that recipient countries needed to combat poverty and to promote economic development. To that end, its efforts should focus on actions that would benefit the environment while promoting development.

103. The legal framework for attracting private investment to mitigate global warming must reflect the development agenda: investments that failed to take into account social benefits, the cost of alternatives and the scaling up of resources could not be called climate-friendly. Furthermore, the climate-related funds under discussion at the World Bank should have a multilateral governance structure that was as inclusive as possible, and policies on the utilization of resources should be decided by consensus. Further definition of the financial architecture for climate-change mitigation and adaptation should be guided by a spirit of partnership, mutual accountability and cooperation for development, without any distinction among major economies or emitters.

104. **Mr. Monari** (Senior Manager, Sustainable Development Vice-Presidency, World Bank), summing up, said he agreed that the public sector must create an enabling environment to foster private investment in new technologies. Preliminary discussions on the Clean Technology Fund, for example, aimed to see whether the Fund could finance the incremental costs needed to achieve a low-carbon path. Other proposed methods to mobilize private funds included the issuance of guarantees.

105. **Mr. Kjørven** (Assistant Administrator and Director, Bureau for Development Policy, United Nations Development Programme (UNDP)), responding to the final points raised by the representative of Japan, said that the climate-change threat was such that countries would need to look at a broad range of energy options in order to address it, including the use of atomic energy. Recent events had also clearly demonstrated the need for food security. Resources provided to combat climate change must therefore be additional to those provided to ensure food security. In that connection, the comparative advantages and disadvantages of biofuels should be assessed with respect to their impact on both food security and climate change. Furthermore, greater emphasis should be placed on agriculture in international development, particularly the need to reverse land degradation and desertification.

106. In response to the question from the representative of Portugal, he noted that there was a clear potential for synergies between climate-change adaptation, mitigation and development by expanding energy access to the poor and through the rehabilitation of degraded agricultural land.

107. **Mr. Banuri** (Stockholm Environment Institute) pointed out that the levy on transactions under the Clean Development Mechanism was already being criticized as a tax imposed on developing countries. It was therefore worthwhile examining the implications of such a levy more carefully. A more general concern was that funds for adaptation would be difficult to access with the urgency required, and that official development assistance might not prove to be as reliable a source of funding as it had first appeared, leading to a need for new forms of taxation.

108. With regard to funding for mitigation, a central issue was not only the creation of liquidity through loans but also the provision of subsidies, through public support, to make energy available to developing countries. The Clean Development Mechanism could function in that regard, but only if the targets for Annex 1 countries could be met by developing countries.

109. Building capacity for developing countries, especially through the expansion of their energy infrastructure, was another way to enable those countries to be able to cope with climate change. There was therefore a strong impetus not only for direct investment in development but also for the creation of subsidies, either through official development assistance or through alternative mechanisms.

Concluding comments and closure of the special high-level meeting

110. **The President** said that the special high-level meeting had provided an occasion for a rich and constructive dialogue in which a wealth of ideas and innovative policy approaches had been put forward to advance the development agenda on the five key issues selected. He encouraged the General Assembly, the Bretton Woods institutions, WTO, UNCTAD and other stakeholders to build on those ideas prior to the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, to be held in Doha later in 2008. For its part, the Economic and Social Council would continue to contribute to the preparation of the Conference, particularly in those areas where enhanced coordination and effective international cooperation could make the greatest impact.

111. The current world economic and development outlook was worrying. Developed countries faced daunting challenges to avoid a major growth deceleration which could affect all other countries, while developing countries faced an unusual degree of uncertainty regarding export and financial flows. For many in the latter group, the difficulties were compounded since they confronted substantial increases in international food and energy prices. If the deceleration in industrial countries was severe and long, and the prices of food and energy remained too high, in many countries the development gains of the past few years might vanish. Every effort should be made to avoid such an eventuality.

112. At the round-table discussion of new initiatives on financing for development, reference had been made to the impressive number of new initiatives since the Monterrey Conference, some of which were already being implemented with decisive results. That situation once again demonstrated the importance of political will in moving the development agenda forward. However, several speakers had sounded a note of caution: a need to evaluate experiences was necessary so as to better focus the efforts behind those initiatives.

113. At the round-table discussion on supporting development efforts and enhancing the role of middle-income countries, including in the area of trade, there had been an increasing recognition that international support was necessary to eradicate poverty in those countries through innovative efforts. Many speakers had stressed that due attention should be paid to middle-income countries in multilateral forums. As mentioned in several statements, an early agreement in the current multilateral trade negotiations to fully implement the Doha Development Agenda was crucial for those countries.

114. It had become clear during the round-table discussion on supporting development efforts of least developed countries, including through trade capacity-building, that the challenges those countries faced were becoming more complex as they increased their linkages with the international economy. It might therefore be expedient to pay greater attention to the nature of the assistance provided and to other forms of international cooperation with those countries, including by enhancing synergies with the private sector. Enhanced aid for trade, in particular, was essential. A successful Doha Round would indeed boost the world economy. However, in order for least developed countries to benefit more fully from the Doha Round, enhanced aid for trade must be one of its vital components.

115. The views expressed during the thematic debate on building and sustaining solid financial markets had once again underscored the critical role that well-functioning domestic financial markets in the North and the South played in the stability and growth of the world economy. However, concerted joint efforts were also essential to enhance the global regulatory framework designed to protect the international system from crises.

116. On the basis of the views expressed during the discussion on the financing of climate-change adaptation and mitigation, it was clear that the international community was facing a daunting task that required the involvement of all countries and development actors. Creative new approaches and innovative domestic and international cooperation policies would also be necessary, particularly for the mobilization of additional financial resources to support the new efforts. One of the main concerns should be climate-change adaptation and mitigation in the more vulnerable countries, where the potential dangers of climate change could severely affect millions of people.

117. Many countries had been deeply affected by the impact of the global food crisis, as shown by the food riots witnessed in over 30 countries in recent days. The international community and the Council therefore must take action. The Secretary-General strongly supported action, including by the Council, and had indicated his willingness to intervene personally. In that connection, a special meeting of the Council would be held in the first half of May to propose a global response to the current crisis.

118. He declared closed the special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development.

The meeting rose at 6.45 p.m.

United Nations E/2008/SR.6

Economic and Social Council

Provisional

Distr.: General
19 May 2008

Original: English

Resumed organizational session for 2008

Provisional summary record of the 6th meeting
Held at Headquarters, New York, on Tuesday, 29 April 2008, at 10 a.m.

President: Mr. Mérorès ..... (Haiti)

Contents

Elections, nominations, confirmations and appointments (*continued*)

Adoption of the agenda and other organizational matters (*continued*)

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08-32160 (E)

The meeting was called to order at 10.10 a.m.

Elections, nominations, confirmations and appointments (*continued*) (E/2008/2/Add.1 and Corr.1)

Organizational Committee of the Peacebuilding Commission

1. **The President** said that, since consultations regarding the distribution of the Council's two rotating seats on the Organizational Committee of the Peacebuilding Commission were still ongoing, the elections for the Council's seven seats on that body would be held at a subsequent meeting.

Statistical Commission (E/2008/9/Add.2)

2. **The President** invited the Council to elect eight members to the Statistical Commission for a four-year term beginning on 1 January 2009.

3. **Ms. Pliner** (Secretary of the Council) said that China and Japan had been endorsed by the Group of Asian States; Armenia had been endorsed by the Group of Eastern European States; Mexico and Suriname had been endorsed by the Group of Latin American and Caribbean States; and Germany, the Netherlands and the United Kingdom had been endorsed by the Group of Western European and other States.

4. **The President** said that, since the number of candidates from the Group of Asian States, the Group of Eastern European States, the Group of Latin American and Caribbean States and the Group of Western European and other States was equal to the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

5. *It was so decided.*

6. *Armenia, China, Germany, Japan, Mexico, the Netherlands, Suriname and the United Kingdom were elected members of the Statistical Commission.*

Commission on Population and Development (E/2008/9/Add.2)

7. **The President** invited the Council to elect 14 members to the Commission on Population and Development for a four-year term beginning at the first meeting of the Commission's forty-third session, in 2009, and expiring at the close of the Commission's forty-sixth session, in 2013.

8. **Ms. Pliner** (Secretary of the Council) said that Côte d'Ivoire, the Democratic Republic of the Congo and Rwanda had been endorsed by the Group of African States; Bangladesh and Pakistan had been endorsed by the Group of Asian States; Belarus had been endorsed by the Group of Eastern European States; Brazil, Cuba and Haiti had been endorsed by the Group of Latin American and Caribbean States; and Belgium, Germany, Israel and Switzerland had been endorsed by the Group of Western European and other States.

9. **The President** said that, since the number of candidates from each regional group was equal to or less than the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

10. *It was so decided.*

11. *Bangladesh, Belarus, Belgium, Brazil, Côte d'Ivoire, Cuba, the Democratic Republic of the Congo, Germany, Haiti, Israel, Pakistan, Rwanda and Switzerland were elected members of the Commission on Population and Development.*

12. **The President** invited the Council to elect two members from the Group of Western European and other States to the Commission on Population and Development to fill two outstanding vacancies, for a term beginning on the date of election and expiring at the close of the Commission's forty-fifth session, in 2012.

13. **Ms. Pliner** (Secretary of the Council) said that Finland and the Netherlands had been endorsed by the Group of Western European and other States.

14. **The President** said he took it that the Council wished to elect by acclamation the candidates proposed.

15. *It was so decided.*

16. *Finland and the Netherlands were elected members of the Commission on Population and Development.*

17. **The President** said that, in the absence of any other candidates for the Commission on Population and Development, he took it that the Council wished to postpone the election of one member from the Group of Asian States for a term beginning at the first meeting of the Commission's forty-third session, in 2009, and

expiring at the close of the Commission's forty-sixth session, in 2013.

18. *It was so decided.*

Commission for Social Development (E/2008/9/Add.2)

19. **The President** invited the Council to elect 17 members to the Commission for Social Development for a four-year term beginning at the first meeting of the Commission's forty-eighth session, in 2009, and expiring at the close of the Commission's fifty-first session, in 2013.

20. **Ms. Pliner** (Secretary of the Council) said that Ethiopia, Lesotho and Mauritius had been endorsed by the Group of African States; China, Iran (Islamic Republic of), the Philippines and Qatar had been endorsed by the Group of Asian States; Albania had been endorsed by the Group of Eastern European States; Haiti had been endorsed by the Group of Latin American and Caribbean States; and Denmark, Italy, the Netherlands and Switzerland had been endorsed by the Group of Western European and other States.

21. **The President** said that, since the number of candidates from each regional group was equal to or less than the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

22. *It was so decided.*

23. *Albania, China, Denmark, Ethiopia, Haiti, Iran (Islamic Republic of), Italy, Lesotho, Mauritius, the Netherlands, the Philippines, Qatar and Switzerland were elected members of the Commission for Social Development.*

24. **The President** said that, in the absence of any other candidates for the Commission for Social Development, he took it that the Council wished to postpone the election of one member from the Group of African States, one member from the Group of Eastern European States and two members from the Group of Latin American and Caribbean States for a four-year term beginning at the Commission's forty-eighth session, in 2009, and expiring at the close of the Commission's fifty-first session, in 2013.

25. *It was so decided.*

Commission on the Status of Women (E/2008/9/Add.2)

26. **The President** invited the Council to elect 11 members to the Commission on the Status of Women for a four-year term beginning at the first meeting of the Commission's fifty-fourth session, in 2009, and expiring at the close of the Commission's fifty-seventh session, in 2013.

27. **Mr. Davide** (Philippines) said that, in solidarity with the Group of Asian States and in order to strengthen further its relations with Iraq, the Philippines had withdrawn its candidacy in favour of Iraq.

28. **Ms. Khioka** (Iraq) expressed her delegation's appreciation to the Philippines.

29. **Ms. Pliner** (Secretary of the Council) said that Guinea, Mauritania and Rwanda had been endorsed by the Group of African States; Iraq was the unendorsed candidate and Japan the endorsed candidate from the Group of Asian States; Belarus had been endorsed by the Group of Eastern European States; Colombia and Nicaragua had been endorsed by the Group of Latin American and Caribbean States; and Germany, Israel and Italy had been endorsed by the Group of Western European and other States.

30. **The President** said that, since the number of candidates from each regional group was equal to the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

31. *It was so decided.*

32. *Belarus, Colombia, Germany, Guinea, Iraq, Israel, Italy, Japan, Mauritania, Nicaragua and Rwanda were elected members of the Commission on the Status of Women.*

Commission on Crime Prevention and Criminal Justice (E/2008/9/Add.2)

33. **The President** invited the Council to elect 20 members to the Commission on Crime Prevention and Criminal Justice for a four-year term beginning on 1 January 2009.

34. **Ms. Pliner** (Secretary of the Council) said that Algeria, the Comoros, Ghana, Kenya, Lesotho, the Libyan Arab Jamahiriya and the Sudan had been endorsed by the Group of African States; China, Japan, the Republic of Korea and Thailand had been endorsed

by the Group of Asian States; Romania and the Russian Federation had been endorsed by the Group of Eastern European States; Cuba, El Salvador and Uruguay had been endorsed by the Group of Latin American and Caribbean States; and Austria, Belgium and Germany had been endorsed by the Group of Western European and other States.

35. **The President** said that, since the number of candidates from each regional group was equal to or less than the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

36. *It was so decided.*

37. *Algeria, Austria, Belgium, China, the Comoros, Cuba, El Salvador, Germany, Ghana, Japan, Kenya, Lesotho, the Libyan Arab Jamahiriya, the Republic of Korea, Romania, the Russian Federation, the Sudan, Thailand and Uruguay were elected members of the Commission on Crime Prevention and Criminal Justice.*

38. **The President** said that, in the absence of any other candidates for the Commission on Crime Prevention and Criminal Justice, he took it that the Council wished to postpone the election of one member from the Group of African States for a four-year term beginning on 1 January 2009.

39. *It was so decided.*

Commission on Sustainable Development (E/2008/9/Add.2 and Corr.1)

40. **The President** invited the Council to elect 16 members to the Commission on Sustainable Development for a three-year term beginning at the organizational meeting of the Commission's eighteenth session, in 2009, and expiring at the close of the Commission's twentieth session, in 2012.

41. **Ms. Pliner** (Secretary of the Council) said that Eritrea, Ethiopia, Mauritius and Nigeria had been endorsed by the Group of African States; China, Kyrgyzstan and the Philippines had been endorsed by the Group of Asian States; the Russian Federation and Ukraine had been endorsed by the Group of Eastern European States; Antigua and Barbuda, Colombia and Cuba had been endorsed by the Group of Latin American and Caribbean States; and Australia was the unendorsed candidate and the United States of America the endorsed candidate from the Group of Western European and other States.

42. **The President** said that, since the number of candidates from each regional group was equal to or less than the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

43. *It was so decided.*

44. *Antigua and Barbuda, Australia, China, Colombia, Cuba, Eritrea, Ethiopia, Kyrgyzstan, Mauritius, Nigeria, the Philippines, the Russian Federation, Ukraine and the United States of America were elected members of the Commission on Sustainable Development.*

45. **The President** said that, in the absence of any other candidates for the Commission on Sustainable Development, he took it that the Council wished to postpone the election of two members from the Group of Western European and other States for a three-year term beginning at the organizational meeting of the Commission's eighteenth session, in 2009, and expiring at the close of the Commission's twentieth session, in 2012.

46. *It was so decided.*

47. **The President** recalled that there remained one outstanding vacancy on the Commission on Sustainable Development from the Group of Western European and other States for a term beginning at the organizational meeting of the Commission's seventeenth session, to be held the following month, and expiring at the close of the Commission's nineteenth session, in 2011.

Commission on Science and Technology for Development (E/2008/9/Add.2)

48. **The President** invited the Council to elect 20 members to the Commission on Science and Technology for Development for a four-year term beginning on 1 January 2009.

49. **Ms. Calderón** (Observer for Costa Rica) informed the Council that Costa Rica had submitted its candidacy to the Commission on Science and Technology for Development, but was not mentioned in the list of candidates before the Council.

50. **Ms. Pliner** (Secretary of the Council) said that Ghana, Mali and South Africa had been endorsed by

the Group of African States; Jordan, Oman, Pakistan and Sri Lanka had been endorsed by the Group of Asian States; the Russian Federation and Slovakia had been endorsed by the Group of Eastern European States; Brazil and Chile were the endorsed candidates and Costa Rica the unendorsed candidate from the Group of Latin American and Caribbean States; and Austria, Israel and Switzerland had been endorsed by the Group of Western European and other States.

51. **The President** said that, since the number of candidates from each regional group was equal to or less than the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

52. *It was so decided.*

53. *Austria, Brazil, Chile, Costa Rica, Ghana, Israel, Jordan, Mali, Oman, Pakistan, Russian Federation, Slovakia, South Africa, Sri Lanka and Switzerland were elected members of the Commission on Science and Technology for Development.*

54. **The President** said that, in the absence of any other candidates for the Commission on Science and Technology for Development, he took it that the Council wished to postpone the election of two members from the Group of African States, one member from the Group of Latin American and Caribbean States and two members from the Group of Western European and other States for a four-year term beginning on 1 January 2009.

55. *It was so decided.*

56. **The President** recalled that there remained one outstanding vacancy on the Commission on Science and Technology for Development from the Group of Eastern European States for a term beginning on the date of election and expiring on 31 December 2010.

Committee for Programme and Coordination
(E/2008/9/Add.3)

57. **The President** invited the Council to nominate 20 members for election by the General Assembly to the Committee for Programme and Coordination for a three-year term beginning on 1 January 2009.

58. **Ms. Pliner** (Secretary of the Council) said that Guinea, Nigeria and Swaziland had been endorsed by the Group of African States; India, Iran (Islamic Republic of), Kazakhstan and Pakistan had been endorsed by the Group of Asian States; Armenia, Belarus and Ukraine had been endorsed by the Group of Eastern European States; Argentina, Brazil, Cuba and Uruguay had been endorsed by the Group of Latin American and Caribbean States; and Italy and Spain had been endorsed by the Group of Western European and other States.

59. **The President** said that, since the number of candidates from each regional group was equal to or less than the number of vacancies for each group, he took it that the Council wished to nominate the candidates proposed for election by the General Assembly.

60. *It was so decided.*

61. *Argentina, Armenia, Belarus, Brazil, Cuba, Guinea, India, Iran (Islamic Republic of), Italy, Kazakhstan, Nigeria, Pakistan, Spain, Swaziland, Ukraine and Uruguay were nominated for election by the General Assembly to the Committee for Programme and Coordination.*

62. **The President** said that, in the absence of any other candidates for the Committee for Programme and Coordination, he took it that the Council wished to postpone the nomination of one member from the Group of African States and three members from the Group of Western European and other States for election by the General Assembly to the Committee for Programme and Coordination for a three-year term beginning on 1 January 2009.

63. *It was so decided.*

64. **The President** recalled that there remained two outstanding vacancies on the Committee for Programme and Coordination from the Group of Western European and other States, one for a term expiring on 31 December 2008 and the other expiring on 31 December 2009.

Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals
(E/2008/9/Add.12)

65. **The President** drew attention to document E/2008/9/Add.12 regarding an application from Nigeria for full membership in the Subcommittee of Experts on the Globally Harmonized System of Classification and Labelling of Chemicals. He took it

that the Council wished to endorse the Secretary-General's decision to approve Nigeria's application.

66. *It was so decided.*

Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (E/2008/9/Add.4)

67. **The President** invited the Council to elect 21 members to the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting for a three-year term beginning on 1 January 2009.

68. **Ms. Pliner** (Secretary of the Council) said that Botswana, Eritrea and South Africa had been endorsed by the Group of African States; China, Kyrgyzstan and Sri Lanka had been endorsed by the Group of Asian States; the Russian Federation had been endorsed by the Group of Eastern European States; and Germany, Malta and Sweden had been endorsed by the Group of Western European and other States.

69. **The President** said that, since the number of candidates from the Group of African States, the Group of Asian States, the Group of Eastern European States and the Group of Western European and other States was equal to or less than the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

70. *It was so decided.*

71. *Botswana, China, Eritrea, Germany, Kyrgyzstan, Malta, the Russian Federation, South Africa, Sri Lanka and Sweden were elected members of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.*

72. **The President** said that, in the absence of any other candidates for the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, he took it that the Council wished to postpone the election of two members from the Group of African States, three members from the Group of Latin American and Caribbean States and six members from the Group of Western European and other States for a three-year term beginning on 1 January 2009.

73. *It was so decided.*

74. **The President** recalled that there remained 10 outstanding vacancies on the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. The regional groups concerned were requested to submit nominees for those seats at the earliest opportunity.

Executive Board of the United Nations Children's Fund (E/2008/9/Add.6)

75. **The President** invited the Council to elect 11 members to the Executive Board of the United Nations Children's Fund (UNICEF) for a three-year term beginning on 1 January 2009.

76. **Ms. Pliner** (Secretary of the Council) said that Liberia and the Sudan had been endorsed by the Group of African States; Bangladesh and the Republic of Korea had been endorsed by the Group of Asian States; Slovenia had been endorsed by the Group of Eastern European States; Cuba and Uruguay had been endorsed by the Group of Latin American and Caribbean States; and Finland, Norway, Switzerland and the United States of America had been endorsed by the Group of Western European and other States.

77. **The President** said that since the number of candidates from each regional group was equal to the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

78. *It was so decided.*

79. *Bangladesh, Cuba, Finland, Liberia, Norway, the Republic of Korea, Slovenia, the Sudan, Switzerland, the United States of America and Uruguay were elected members of the Executive Board of UNICEF.*

80. **The President** said the Council had been informed that Australia, Austria, Greece and the United Kingdom were resigning their seats on the Executive Board of UNICEF, effective 1 January 2009. Canada had been endorsed to complete the term of office of Australia, whose term of office was due to expire on 31 December 2010; Denmark had been endorsed to complete the term of office of Austria, whose term of office was to expire on 31 December 2009; France had been endorsed to complete the term of office of the United Kingdom, whose term of office was to expire on 31 December 2009; and Italy had been endorsed to complete the term of office of Greece, whose term of office was to expire on 31 December 2010. He took it that the Council wished to elect by acclamation Canada, Denmark, France and Italy to the Executive

Board of UNICEF for the aforementioned terms of office.

81. *It was so decided.*

82. *Canada, Denmark, France and Italy were elected members of the Executive Board of UNICEF.*

Executive Committee of the Programme of the United Nations High Commissioner for Refugees

83. **The President** drew attention to resolution 62/123 of 18 December 2007, by which the General Assembly decided to increase the number of members of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees from 72 to 76 States and requested the Council to elect the additional members. Accordingly, he invited the Council to elect four States to fill the new seats.

84. **Ms. Pliner** (Secretary of the Council) said that the candidates were Benin, Luxembourg, Montenegro and The former Yugoslav Republic of Macedonia.

85. **The President** said that he took it that the Council wished to elect by acclamation Benin, Luxembourg, Montenegro and The former Yugoslav Republic of Macedonia to the Executive Committee of the Programme of the United Nations High Commissioner for Refugees.

86. *It was so decided.*

87. *Benin, Luxembourg, Montenegro and the former Yugoslav Republic of Macedonia were elected members of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees.*

Executive Board of the United Nations Development Programme/United Nations Population Fund
(E/2008/9/Add.7)

88. **The President** invited the Council to elect 11 members to the Executive Board of the United Nations Development Programme/United Nations Population Fund for a three-year term beginning on 1 January 2009.

89. **Ms. Pliner** (Secretary of the Council) said that Mauritania and Sierra Leone had been endorsed by the Group of African States; the Islamic Republic of Iran and Yemen had been endorsed by the Group of Asian States; the Russian Federation had been endorsed by the Group of Eastern European States; Cuba and Mexico had been endorsed by the Group of Latin American and Caribbean States; and Austria, Germany, Norway and the United Kingdom had been endorsed by the Group of Western European and other States.

90. **The President** said that, since the number of candidates from each regional group was equal to the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

91. *It was so decided.*

92. *Austria, Cuba, Germany, the Islamic Republic of Iran, Mauritania, Mexico, Norway, the Russian Federation, Sierra Leone, the United Kingdom and Yemen were elected members of the Executive Board of the United Nations Development Programme/United Nations Population Fund.*

93. **The President** said that the Council had been informed that Australia, Ireland and Italy were resigning their seats on the Board effective 1 January 2009. Finland had been endorsed to complete the term of office of Italy, whose term of office was to expire on 31 December 2010; New Zealand had been endorsed to complete the term of office of Australia, whose term of office was to expire on 31 December 2010; and Turkey had been endorsed to complete the term of office of Ireland, whose term of office was to expire on 31 December 2010. He took it that the Council wished to elect by acclamation Finland, New Zealand and Turkey to the Executive Board of the United Nations Development Programme/United Nations Population Fund for the aforementioned terms of office.

94. *It was so decided.*

95. *Finland, New Zealand and Turkey were elected to the Executive Board of the United Nations Development Programme/United Nations Population Fund.*

Executive Board of the World Food Programme
(E/2008/9/Add.8)

96. **The President** invited the Council to elect six members to the Executive Board of the World Food Programme for a three-year term beginning on 1 January 2009.

97. **Ms. Pliner** (Secretary of the Council) said that Angola had been endorsed by the Group of African States; China had been endorsed by the Group of Asian States; the Czech Republic had been endorsed by the

Group of Eastern European States; Guatemala had been endorsed by the Group of Latin American and Caribbean States; and Japan and the United Kingdom had been endorsed by the Group of Western European and other States.

98. **The President** said that, since the number of candidates from each regional group was equal to the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

99. *It was so decided.*

100. *Angola, China, the Czech Republic, Guatemala, Japan and the United Kingdom were elected members of the Executive Board of the World Food Programme.*

Programme Coordination Board of the Joint United Nations Programme on Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (UNAIDS) (E/2008/9/Add.9)

101. **The President** invited the Council to elect five members to the Programme Coordination Board of the Joint United Nations Programme on Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (UNAIDS) for a three-year term beginning on 1 January 2009.

102. **Ms. Pliner** (Secretary of the Council) said that Thailand had been endorsed by the Group of Asian States; Brazil had been endorsed by the Group of Latin American and Caribbean States; and Denmark and Turkey had been endorsed by the Group of Western European and other States.

103. **The President** said that, since the number of candidates from each regional group was equal to the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

104. *It was so decided.*

105. *Brazil, Denmark, Thailand and Turkey were elected members of the Programme Coordination Board of the Joint United Nations Programme on Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (UNAIDS).*

106. **The President** said that the Council had been informed that Italy, Luxembourg and Monaco were resigning or had resigned their seats on the Programme Coordination Board of UNAIDS. France had been endorsed to complete the term of office of Monaco, whose term of office was to expire on 31 December 2010; Ireland had been endorsed to complete the term of office of Italy, whose term of office was to expire on 31 December 2009; and the Netherlands had been endorsed to complete the term of office of Luxembourg, whose term of office was to expire on 31 December 2009. He took it that the Council wished to elect by acclamation France, Ireland and the Netherlands to the Programme Coordination Board of UNAIDS for the aforementioned terms of office.

107. *It was so decided.*

108. *France, Ireland and the Netherlands were elected to the Programme Coordination Board of UNAIDS.*

109. **The President** said that, in the absence of any other candidate for election to the Programme Coordination Board of UNAIDS, he took it that the Council agreed to postpone the election of one member from the Group of African States for a three-year term beginning on 1 January 2009.

110. *It was so decided.*

Governing Council of the United Nations Human Settlements Programme (UN-Habitat) (E/2008/9/Add.10)

111. **The President** invited the Council to elect 19 members to the Governing Council of the United Nations Human Settlements Programme for a four-year term beginning on 1 January 2009.

112. **Ms. Pliner** (Secretary of the Council) said that Ethiopia, Rwanda, the Sudan and Tunisia had been endorsed by the Group of African States; Bangladesh, China and the Republic of Korea had been endorsed by the Group of Asian States; Armenia and the Czech Republic had been endorsed by the Group of Eastern European States; and Antigua and Barbuda and Guatemala had been endorsed by the Group of Latin American and Caribbean States.

113. **The President** said that, since the number of candidates from each regional group was equal to or less than the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

114. *It was so decided.*

115. *Antigua and Barbuda, Armenia, Bangladesh, China, the Czech Republic, Ethiopia, Guatemala, the*

Republic of Korea, Rwanda, the Sudan and Tunisia were elected to the Governing Council of the United Nations Human Settlements Programme.

116. **The President** invited the Council to take action on one of the outstanding vacancies remaining from previous elections to the Governing Council of UN-Habitat.

117. **Ms. Pliner** (Secretary of the Council) said that Iraq was the non-endorsed candidate from the Group of Asian States.

118. **The President** said that, in the absence of any other candidate for election to the Governing Council of UN-Habitat, he took it that the Council wished to elect by acclamation Iraq for a term beginning on the date of election and expiring on 31 December 2011.

119. *It was so decided.*

120. *Iraq was elected to the Governing Council of UN-Habitat.*

121. **The President** said that, in the absence of any other candidate for election to the Governing Council of UN-Habitat, he took it that the Council agreed to postpone the election of one member from the Group of African States, one member from the Group of Asian States, one member from the Group of Latin American and Caribbean States and five members from the Group of Western European and other States for a four-year term beginning on 1 January 2009.

122. *It was so decided.*

123. Regarding the outstanding vacancies remaining on the Governing Council of UN-Habitat from previous elections, he also took it that the Council wished to further postpone the election of one member from the Group of Asian States for a term beginning on the date of election and expiring on 31 December 2008; and two members from the Group of Western European and other States for a term beginning on the date of election and expiring on 31 December 2011.

124. *It was so decided.*

Committee on Economic, Social and Cultural Rights (E/2008/9/Add.5, Add.11 and Add.13)

125. **The President** invited the Council to elect nine members to the Committee on Economic, Social and Cultural Rights for a four-year term beginning on 1 January 2009. The Council had been informed that the Governments of Georgia and Greece had withdrawn the candidacies of Mr. Tabidze and Ms. Kriari-Catranis, respectively.

126. **Ms. Pliner** (Secretary of the Council) said that Mr. Sa'di (Jordan) and Mr. Zhan Daode (China) had been endorsed by the Group of Asian States; Mr. Kedzia (Poland) and Mr. Martynov (Belarus) had been endorsed by the Group of Eastern European States; Ms. Barahona Riera (Costa Rica) had been endorsed by the Group of Latin American and Caribbean States; and Mr. Schrijver (Netherlands) and Mr. Texier (France) had been endorsed by the Group of Western European and other States.

127. **The President** said that, since the number of candidates from each regional group was equal to the number of vacancies for each group, he took it that the Council wished to elect by acclamation the candidates proposed.

128. *It was so decided.*

129. *Ms. Barahona Riera (Costa Rica), Mr. Kedzia (Poland), Mr. Martynov (Belarus), Mr. Sa'di (Jordan), Mr. Schrijver (Netherlands), Mr. Texier (France) and Mr. Zhan Daode(China) were elected members of the Committee on Economic, Social and Cultural Rights.*

130. **The President** invited the Council to elect, by secret ballot, two members from the Group of African States.

131. *At the invitation of the President, Ms. Farfan (El Salvador) and Mr. Jatmiko (Indonesia) acted as tellers.*

132. *A vote was taken by secret ballot.*

Number of ballot papers:	53
Number of valid ballots:	52
Abstentions:	1
Numbers of members voting:	51
Required majority:	26
Number of votes obtained:	
Mr. Pillay (Mauritius)	44
Mr. Abdel-Moneim (Egypt)	42
Mr. Somda (Burkina Faso)	9
Mr. Mavungu (Democratic Republic of the Congo)	7

133. *Having obtained the required majority, Mr. Pillay (Mauritius) and Mr. Abdel-Moneim (Egypt) were elected members of the Committee on Economic, Social and Cultural Rights.*

134. **Mr. Heidt** (United States of America) said that his delegation objected to the selection of candidates by regional groups behind closed doors as that violated the principle of transparency. It disagreed with the decision to elect the Foreign Minister of Belarus, since he was not an independent expert and did not possess recognized competence in the field of human rights.

135. In November 2007, Belarus had been the subject of a resolution detailing its persistent abuse of human rights, the lack of unfair elections, the arrest of government critics, the confiscation of computers and printed material, and the detention of civil society activists in advance of planned demonstrations. Belarus had ignored the resolution and continued to abuse the human rights of its citizens. If the United Nations was serious about advancing basic freedom and human dignity, it must be prepared to hold States accountable for their actions, not elect human rights abusers to human rights bodies.

136. **Mr. Plunkett** (Canada) said his delegation regretted that one of the main apologists for the deteriorating human rights record of Belarus would continue to serve on the Committee on Economic, Social and Cultural Rights, monitoring the implementation of the International Covenant on Economic, Social and Cultural Rights and, once adopted, hearing complaints under the Covenant's Optional Protocol.

137. **Ms. Fedorovich** (Belarus) recalled that the candidate from Belarus had been approved by the relevant regional group. His professional competence could not be called into doubt. The Economic and Social Council had been informed of the candidacy well before the election and had had every opportunity to put forward an objection.

138. The position of Belarus regarding the defence of human rights had been presented numerous times within the framework of the Third Committee and the Human Rights Council in Geneva. The Government of Belarus considered that it complied fully with the highest human rights standards.

139. **Mr. Zheglov** (Russian Federation) said that the Russian Federation welcomed the election of the candidate from Belarus, who was known for his experience in human rights work. He regretted that certain delegations had questioned the sovereign right of States to put forward their candidates for election to organs of limited membership and recalled that intervention in the internal affairs of States was a violation of the Charter of the United Nations. He further recalled that, although the resolution on Belarus had been adopted, the majority of States had voted against it or had abstained.

Adoption of the agenda and other organizational matters (*continued*) (E/2008/3, E/2008/4, E/2008/8, E/2008/L.2, E/2008/L.3 and E/2008/L.4)

Convention on the Privileges and Immunities of the Specialized Agencies: revised draft annex relating to the World Tourism Organization (E/2008/8)

140. **The President** drew attention to the note by the Secretary-General contained in document E/2008/8. As delegations would recall, the Council, by its decision 2007/247, had decided to defer its consideration of the draft annex to the Convention on the Privileges and Immunities of the Specialized Agencies relating to the World Tourism Organization until its 2008 substantive session with the proviso that the item could be taken up earlier and a decision adopted without any debate.

141. In November 2007, the General Assembly of the World Tourism Organization had approved a revised draft annex which had been prepared by the Legal Counsel of the World Tourism Organization in cooperation with the Legal Counsel of the United Nations, and modified to take into account the concerns raised by certain representatives. That resolution, along with the revised draft annex, had been transmitted in a communication from the Secretary-General of the World Tourism Organization to the Secretary-General of the United Nations. The revised draft annex was contained in document E/2008/8 for the Council's approval.

142. **Ms. Cormon-Veyssière** (France) said that, while her delegation did not object to the revised draft annex, it could not support paragraph 6 thereof, which accorded privileges and immunities, exemptions and facilities to the Deputy Secretary-General of the World Tourism Organization, his/her spouse and minor children.

143. **The President** said he took it that the Council wished to take note of the resolution of the General Assembly of the World Tourism Organization and to recommend the revised draft annex, as contained in document E/2008/8, to the World Tourism Organization for final approval.

144. *It was so decided.*

Report of the Secretary-General on financing of the Committee of Experts on International Cooperation in Tax Matters (E/2008/4)

145. **The President** drew attention to the report of the Secretary-General contained in document E/2008/4. As delegations would recall, the Council, by its resolution 2007/39, had requested the Secretary-General to prepare a comprehensive report addressing the financing of the Committee's work, including that of its subcommittees, taking into account the issues raised by the Committee at its second annual session, for consideration by the Council at its organizational session for 2008.

146. Owing to a delay in the submission and subsequent issuance of the report, the Council had not been able to consider the matter at its organizational session. At its second meeting held on 5 February 2008, the Council had therefore decided to postpone its consideration of the report until a later stage.

147. **Mr. Montes** (Chief, Policy Analysis and Development Branch, Department of Economic and Social Affairs), introducing the report of the Secretary-General on financing of the Committee of Experts on International Cooperation in Tax Matters (E/2008/4), said that the Committee had thus far focused on updating the United Nations Model Double Tax Convention between Developed and Developing Countries (2001) and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries (2003). That focus was the result of a combination of the limited resources available to the Committee and the urgent need to update both publications.

148. The current report ultimately derived from a request by the Committee in its 2006 report for the necessary action to be taken to provide additional resources not only for face-to-face subcommittee and working group meetings but also for technical cooperation and assistance.

149. The request for additional funding for the face-to-face subcommittees and working groups was based on the Committee's view that, despite the extensive use of electronic communications, the technical and legal issues involved required such meetings to take place, particularly in developing countries. While two of the three such meetings already held had been in developing countries, most of the expert participants had in fact been from developed countries due to the fact that those wishing to attend in their personal capacities relied on financial support from their employers to enable them to do so. That situation created complications and made it difficult for representatives from developing countries to participate fully in such meetings.

150. It was estimated that a total amount of $367,000 would be required to cover 12 meetings of subcommittees and working groups during the course of the biennium. In reviewing funding options to support the Committee's working groups and subcommittees, the Council might wish to consider the following three options: providing additional regular budget resources for all 12 intersessional meetings of the subcommittees and working groups of the Committees; funding up to 10 meetings from the regular budget over the biennium and allowing the Committee the flexibility to prioritize which subcommittees and working groups would hold meetings; or funding the work of the subcommittees and working groups through voluntary contributions.

151. The United Nations had not conducted technical assistance and capacity-building activities in the area of taxation for six years. The request for consideration of funding for such activities in the Committee's recent reports reflected its mandate to make recommendations in that area.

152. While the secretariat of the Committee continued to seek internal funding for technical assistance and capacity-building activities, the report noted that most of those activities would need to be funded through voluntary contributions to the trust fund for tax cooperation matters referred to in Economic and Social Council resolution 2007/39. Since the trust fund had no contributions at present, the Council might wish to further encourage Member States to make contributions to the trust fund.

153. **Ms. Vodeb Ghosh** (Observer for Slovenia), speaking on behalf of the European Union, said that unfortunately there had been insufficient time to consider the report in depth. She therefore requested a deferral of the discussion of the report until a later date.

154. **The President** said he took it that further consultations were required on that matter and that the

Council would therefore need to revert to it at a later date.

Theme for the humanitarian affairs segment of the substantive session of 2008 of the Economic and Social Council (E/2008/L.2)

155. **The President** drew attention to the draft contained in document E/2008/L.2, submitted by the Vice-President of the Council, Mr. Kim Hyun Chong of the Republic of Korea, on the basis of informal consultations. He took it that the Council wished to adopt the draft decision contained in document E/2008/L.2.

156. *It was so decided.*

Economic and Social Council event to discuss relief to development (E/2008/L.4)

157. **The President** drew the attention of the Council to the draft contained in document E/2008/L.4, submitted by the Vice-Presidents of the Council, Mr. Andrei Dapkiunas of Belarus and Mr. Kim Hyun Chong of the Republic of Korea, on the basis of informal consultations. He took it that the Council wished to adopt the draft decision contained in document E/2008/L.4.

158. *It was so decided.*

Venue and dates of the twenty-fifth session of the Economic and Social Commission for Western Asia (E/2008/3 and E/2008/L.3)

159. **The President** drew attention to document E/2008/3, entitled "Letter dated 27 February 2008 from the Executive Secretary of the Economic and Social Commission for Western Asia to the President of the Economic and Social Council", and to the draft resolution contained in document E/2008/L.3, entitled "Venue and dates of the twenty-fifth session of the Economic and Social Commission for Western Asia".

160. **Ms. Pliner** (Secretary of the Council) said that subsequent to the submission of the draft resolution contained in document E/2008/L.3, the Secretariat had been notified that the twenty-fifth session of the Commission would be held from 26 to 29 May 2008. The second paragraph of the draft resolution should therefore be revised to read as follows: "Approves the holding of the twenty-fifth session of the Commission in Sana'a from 26 to 29 May 2008". The draft resolution, as revised, contained no programme budget implications.

161. **The President** said he took it that the Council wished to adopt the draft resolution contained in document E/2008/L.3, as orally revised.

162. *It was so decided.*

The meeting rose at 12.05 p.m.